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FINANCIAL TIMES

Saturday August 17 1985

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WORLD NEWS

CAA orders checks on 747s' tails

The Civil Aviation Authority yesterday told British airlines to inspect the tail-fin areas of Boeing 747 jumbo jets.

The order, affecting British Airways, British Caledonian Airways and Virgin Atlantic Airways, follows the crash of a Japan Air Lines jumbo in which 520 people died.

Parts of the Japanese airliner's tail fin were found more than 50 milea from the crash, but the authority emphasised that no defect had heen established and its action was precautionary. Back Page

Kharg Island survives

The main loading jetty at Kharg Island, Iran's oil export terminal, survived an Iraqi air raid. Back Page, Page 2 Iran said it killed or captured Iraqi subversives sent in to disrupt yesterday's presidential election.

News reports seized

Soviet police seized two video cassettes shot by BBC and U.S. NBC television staff from a courier at Moscow airport. NBC said this violated the Helsinki accord on the free flow of information.

'100 die' in Sri Lanka

About 100 people died in north Sri Lanka violence. The government said Tamil separatists killed 21 with a landmine; Tamils said 100 died in a retaliatory army raid.

Branson to try again

Richard Branson, head of the Virgin group which backed this week's attempt on the Atlantic speed record, said he would try again next year. Page 4

No charge over jail riot

Prisoners who rioted at Albany jail, Isle of Wight, in May 1983, causing damage of more than £1m, will not face criminal prosecution, the Director of Public Prosecutions said.

Gas leak admission

Union Carbide, U.S. chemicals company, said it made a mistake in not alerting the public for 20 minutes about a toxic gas leak from a West Virginia plant. Page 2

Independent Australia

Australia and Britain agreed on severing remaining constitutional links, including legal appeals to the Privy Council, but the Queen will remain head of state.

Skeleton trade banned

India banned the export of human skeletons, which earn the country millions of pounds a year but have led to accusations of body-snatching.

Soviet draft clampdown

Moscow tightened loopholes in military service draft rules, amid growing public concern about the continuing fighting in Afghanistan. Page 2

Obote flies to Zambia

Deposed Ugandan President Milton Obote was reported to have flown from Kenya to Zambia with 140 associates.

Vietnam's pullout date

Vietnam advanced from 1995 to 1990 its deadline for withdrawing its troops from Kampuchea. Page 2

Test fightback

Recovering from a middle-order collapse, Australia were 335 for 8 (Wessels 83, Lawson 53 no; Ellison 5 for 77) after two days of the fifth test at Edgbaston. Rain again affected play.

Elliemosynary

Actress Donna Reed, replaced in the role of Miss Ellie in Dallas, will be paid more than $1m by the show's producers in an out-of-court settlement.

BUSINESS SUMMARY

Fraser sells stake in Debenhams

HOUSE OF FRASER, which tried to block Burton's £566m takeover of department store Debenhams, is to sell to Burton the 26.1 per cent stake it had built up in Debenhams.

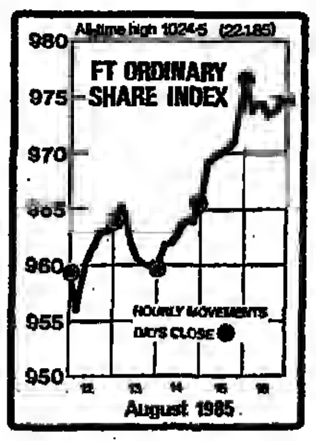
The decision removes the final obstacle to Burton consolidating its takeover. House of Fraser is believed to have made a net profit of about £2m on its holding. Back Page

QUADREX Securities said it had cancelled its issua of STAGS—Sterling Transferable Accruing Government Securities—launched last week. The issue, with a total redemption of £309.25m, was the first one of stripped government bonds in the UK.

Bankers involved said that Quadrex, a small private bank, had heen unable to find sufficient hanks to syndicate the issue.

EVERED Holdings, small Surrey-based engineering company, has taken its stake in TI Group to 20.09 per cent. Page 8

LONDON EQUITIES maintained a firm undertone amid hopes of lower bank base rates.



The FT Ordinary Share Index closed 2.0 down at 974.7, showing a rise for the week of 15.2. Page 12

U.S. housing construction fell 2.4 per cent in July from June, providing another sign of stagnation in the economy. Page 2

GOLD gained $6.25 on the London bullion market to close at the day's high of $337.25, its highest since November 1984. Demand was prompted by a further fall in the dollar and continued unrest in South Africa. Page 11

RIO TINTO-ZINC, London-based mining group, is to start up an open-pit gold mine at Paracutu, Brazil. The company, which has invested about $60m (£42.8m) in the project over four years, is understood to be negotiating with a potential partner.

SWISS Government decided not to prosecute Marc Rich, the commodities group, on grounds of handing economic secrets to the U.S. Page 2

WORLD BANK'S president, after a visit to New Delhi, supported India's case for more concessional aid. Page 2

ARMCO, U.S. steel concern, sold its aerospace division to Owens-Corning Fiberglas of Ohio for $415m (£296.3m). Page 9

ALGEMENE Bank Nederland, the largest Dutch bank, increased net profits by 18 per cent to Fl 203.5m (£46.8m) in the first half of 1985. Page 9

JACOBS SUCHARD, Swiss coffee and chocolate group, is to set up a cocoa trading arm in London. Page 9

ROBERT MAXWELL'S BPCC is to pay £3.4m for United Newspapers' general printing division, which last year had a turnover of £11m. Page 3

HOWARD MACHINERY, troubled agricultural machinery group, unveiled a three-stage plan through which it hopes to steer clear of receivership. Page 8

Ministers surprised as inflation rate falls below 7%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE COST of living fell in July, and the annual inflation rate slipped below 7 per cent, to the evident surprise and delight of ministers.

The 0.2 per cent fall in average prices in July was the largest for nearly three years and only the second fall of this size in 18 years.

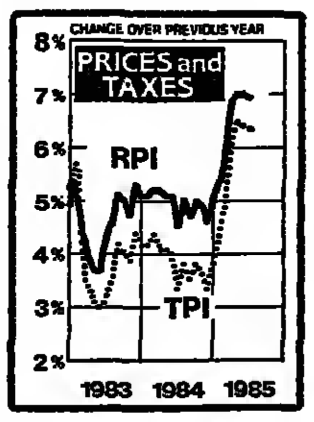
This has re-inforced the Government's confidence that the worst is over for this year and that the inflation rate is set for a steady decline to about 4½ per cent by next summer.

The Department of Employment said yesterday that the Retail Prices Index for July was 375.7 (1974=100), which was 6.9 per cent above 12 months earlier. The fall from an annual rate of 7 per cent in May and June reflected lower prices for petrol and fresh foods.

Mr Tom King, the Employment Secretary, had expected inflation to worsen in July before improving later in the year. City analysts had also expected the inflation rate to rise to a peak of well over 7 per cent.

Mr King said: "These figures are a real ray of sunshine. They mean that the turning point has come even earlier than expected and the annual rate of inflation is now firmly downwards again."

He added: "This should be excellent news for the British economy and for prospects for more jobs."



However, he warned that manufacturers' wage costs per unit of output were continuing to rise much faster than those of Britain's major overseas competitors."

Ministers have been anxious that a set of rising inflation figures should not help push up pay settlements in the coming round, which starts in September.

The UK's annual inflation rate is more than four times the latest figure for Japan, approaching three times the West German inflation rate and almost twice the rate in the U.S. It is also significantly above the average for the industrial world, which was 4.8 per cent in May. The average in Europe in May was 5.9 per cent.

Yesterday's figures showed that seasonal food prices fell by 9 per cent compared with their level in June, with marked reductions in the prices of fresh vegetables and home-killed lamb. A 3p per gallon cut in petrol prices led to a cut in transport prices, and durable household goods prices fell in the summer sales.

The Tax and Price Index, which measures the gross pay rise needed to keep pace with changes of taxation and prices, also fell slightly in July to 191.3 (1978=100), which was 6.3 per cent higher than a year earlier.

The better-than-expected inflation figures were given a cool reception outside the Government. Mr John Prescott, opposition spokesman on employment, said: "Any fool can keep inflation down by collapsing the economy."

Mr Ian Wrigglesworth, for the Social Democratic Party, said: "Mrs Thatcher's 3 per cent is still a very distant prospect."

Mr Kenneth Edwards, deputy director of the Confederation of British Industry, emphasised the need for pay restraint and lower interest rates.

Details and table, Page 3
Lex, Back Page

Laker loses fight to block settlement of airline suit

BY DUNCAN CAMPBELL-SMITH

SIR FREDDIE LAKER last night lost his fight in the High Court to prevent an out-of-court settlement of the Laker Airways anti-trust suit in Washington.

The judgment, which took nearly an hour, should mark the last big hurdle facing Mr Christopher Morris of accountant Touche Ross, the Laker liquidator who is seeking final approval for the settlement.

Mr Morris filed the anti-trust suit in November 1982 seeking triple damages of $1.1bn (£785.4m) against British Airways and 11 co-defendants, whom he accused of conspiracy to destroy Laker. An out-of-court settlement agreed on July 12 would provide $48m to pay off Laker's remaining creditors, with a full rebate for 14,000 dispossessed Laker ticket holders.

Sir Nicholas Browne-Wilkinson, the Vice Chancellor, passing judgment, rejected Sir Freddie's case that the settlement would cost him the chance of receiving a substantial part of the $1.1bn damages in prospect if the suit went to full trial.

Sir Freddie left the court briskly with Mr John Beveridge QC, his counsel, saying he had "absolutely no comment."

The terms of the $48m settlement would pave Mr Morris's way to one of the most successful major company liquidations of recent years. It would allow BA to concentrate on its privatisation plans without the distraction of a significant contingent liability.

Most of Sir Freddie's appeal, which began on Monday, was heard in closed court to protect what the Vice Chancellor described as "highly confidential" documents belonging to Mr Morris and to avoid prejudicing any subsequent trial of the suit if the settlement should fail. Sir Nicholas presented his full judgment privately to the parties concerned, but afterwards offered an open summary of his ruling.

Sir Freddie is thought likely to turn to the Court of Appeal in another attempt to block Mr Morris. He may also oppose the liquidator in the Royal Court of Jersey, whose approval for the settlement is to be sought on Monday. Laker Airways is a Jersey registered company.

His continued opposition would appear on technical grounds to have deprived Sir Freddie of a personal payment worth $8m offered by the anti-trust defendants on July 11. They made clear then that the offer was open until August 20 only on condition that Sir Freddie raised no further obstacles to the settlement.

Linklaters & Paines, BA's solicitors, could not say last night how the airline and its 11 co-defendants might respond to any change of heart by Sir Freddie. "We have not been asked to consider this possibility," said Mr Bill Park, who has led Linklaters' team through all the settlement talks since last November.

A second payment of $50,000

Continued on Back Page
Sir Freddie's dwindling options, Page 3

British Rail sacks 147 guards

BY JOHN LLOYD, INDUSTRIAL EDITOR

INDUSTRIAL action on the railways moved closer last night as British Rail sacked 147 guards at its Glasgow depot. The men had refused to indicate by midday yesterday that they would agree to the introduction of driver-only operated (DOO) trains.

Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, emerged from a continuing session of his executive to warn that the union leadership would immediately consider any and all forms of industrial action of BR did not withdraw the dismissal notices.

He said: "This union will not rest, there will be no peace until each and every one of our people is reinstated I want to make that pledge to them tonight."

There were signs last night, however, that solidarity at ground level could be weakening. At Margam, near Swansea, 58 guards will meet today to decide whether to continue their refusal to co-operate with DOO trains.

Yesterday a number of guards indicated they would co-operate. Others said they would return to work from Monday but would not co-operate. Another 32 guards at Llanelli have agreed to return to work from Monday but the basis on which they will do so was unclear last night.

Mr Les Williams, Margam branch secretary, said: "Some felt that the strike was too great a risk to take. We don't want to have a split. We felt there was no alternative but to recommend a return to work and await the outcome of the national ballot."

BR ran a train load of iron ore from Port Talbot to Llanwern steelworks yesterday—the first for some time. A second train manned by working guards later took coal from Margam to Swansea.

Mr Knapp said that in telephone conversations with the board during the day, a meeting between the two sides had been agreed. This may take place over the weekend or early next week.

The NUR general secretary said that if BR did not yield to union pressure for reinstatement at the meeting, the executive would be likely to agree some form of action.

This could take place before that proposed in the ballot of NUR guards due on August 29. The NUR executive was continuing to discuss the wording of the ballot paper late last night. Mr Knapp was advising that it should comply with the 1984 Trades Union Act, which requires unions to warn members that a vote for industrial action could lead to a breach of contract.

BR's decision to dismiss the guards has raised the stakes and the level of militancy within the union executive.

At Immingham 47 guards who have been refusing to co-operate with DOO trains have been issued warning letters. Mr John Palette, BR industrial relations director, said he expected them to return to normal working by next Thursday.

Mr Palette said that BR "would go through a recruiting procedure if necessary" to replace the sacked guards in Scotland.

The dismissal letter says: "It appears to the board that you are continuing to take part in a strike or other industrial action in fundamental breach of your contract of employment. Accordingly, you are hereby dismissed."

S. African rand slumps in wake of Botha speech

BY JIM JONES IN JOHANNESBURG

THE South African rand fell by more than one-fifth in early trading in Johannesburg yesterday morning as foreign exchange markets registered their disapproval of President P. W. Botha's failure on Thursday to announce reform proposals.

The fall was, proportionately, the largest ever to have afflicted the currency. It slumped to an all-time low of $0.385 early yesterday from its Thursdays close of $0.453 before intervention by the South African Reserve Bank.

In later trading it recovered to $0.42. Nevertheless, uncertainty over availability of foreign currency and foreign lines of credit is endemic and is widely expected to contribute to continued weakness in the external value of the rand for the foreseeable future.

In London, the rand closed at $0.4150 last night, sharply down on the previous London close of $0.453.

The Johannesburg Stock Exchange (JSE) was largely protected from foreign selling of South African shares by the rand's decline. The JSE actuaries overall index closed at 1,085.9 against Thursday's close of 1,086.5, while the all-gold index sheltered behind the rand's weakness which lifted gold prices to a record R880 an ounce. The index rose slightly to 943.5 from Thursday's closing level of 943.3.

In London, South African gold and industrial shares closed lower on disappointment at Mr Botha's speech. Some gold producer issues showed losses of up to $5.

Gold gained $6¼ to close in London at $337¼, its highest close since November 23 last year, mainly in reaction to the weakening of the dollar, but also reflecting concern about further unrest in South Africa, including a possible miners' strike.

South African business registered its disappointment at the speech in a joint statement yesterday from two of the country's biggest business associations, Die Afrikaanse Handelsinstituut and the South African Federated Chamber of Industries. The two bodies expressed regret that "at this

Continued on Back Page
Why signals were misread, Page 3
Lex, Back Page

Tutu sanctions hint

BY OUR FOREIGN STAFF

The failure of Mr Botha to put forward new policies on Thursday night to end apartheid prompted further expressions of frustration and outrage from black South Africans yesterday and was widely greeted as a disappointment in the West.

Bishop Desmond Tutu, the most prominent anti-aprtheid campaigner in South Africa who is not in detention, expressed his desperation at the speech and hinted he might call for economic sanctions to be taken against the republic.

The speech led to threats of more intense violence from the African National Congress, the leading exiled nationalist group fighting white rule.

Mr Oliver Tambo, ANC president, told a Lusaka press conference: "Botha has now confirmed that...apartheid cannot be reformed." The armed struggle would be stepped up in response, "and many while people will lose their lives as the black people have been doing already."

In sharp contrast to the reaction of these leaders, the British Foreign Office yesterday stressed what it called the positive aspect of the speech, delivered to the Natal congress of the ruling National Party.

A Foreign Office statement said: "The speech is further evidence that the South African government are embarked on a process of reform." Although Lady Young, Minister of State at the Foreign Office, had earlier expressed disappointment at the speech, senior diplomats attempted to put a positive gloss on the policy statement it contained. They stressed that Britain's opposition to sanctions would not be weakened.

Bishop Tutu, speaking earlier predicted impending catastrophe in South Africa: "I think the chances for peaceful change in South Africa are virtually nil," he said.

He accused Mr Botha of intending to "bludgeon blacks into submission," said that the president knew he would have the support of the leaders of the U.S., Britain and West Germany, who had all "made quite clear that blacks in their view are expendable."

Bishop Tutu, coming perilously close to an outright call for sanctions which would contravene South African legislation, said that late last year he had said he would call for

Continued on Back Page
Opposition urges sanctions, Page 3

WEEKEND FT

TRANSPLANTS

Big business ideology comes to American medicine, raises questions about "wallet biopsies," standards of care and the medical necessity of certain treatments

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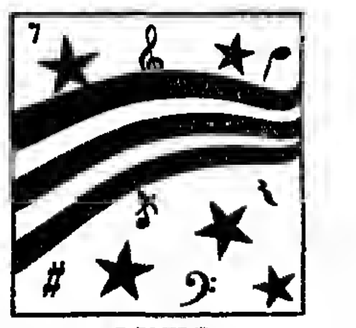
MORTGAGES

What the building society mortgage rates cut means to you

Page IV



ARTS

Does America still have an indigenous musical culture. John Rockwell takes up the cudgels borne by Wilfred Mellers more than 20 years ago

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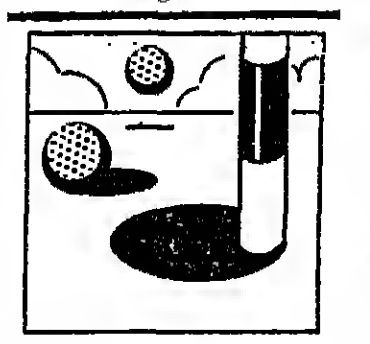

GOLF

New faces line up to test their luck in the Ryder Cup

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For London market and latest share index 01-246 8026; overseas markets, 01-246 8086

MARKETS

DOLLAR

New York lunchtime:
DM 2.757
FFr 8.431
SwFr 2.2615
Y236.8

London:
DM 2.7575 (2.763)
FFr 8.42 (8.4425)
SwFr 2.2585 (2.265)
Y236.75 (237.05)
Dollar Index 135.9 (136.5)
Tokyo close Y236.45

U.S. LUNCHTIME RATES

Fed Funds 8⅛%
3-month Treasury Bills 7.15%
Long Bond: 100⅜
yield: 10.6

GOLD

New York: Comex Oct latest $341.2
London: $337.25 ($331.0)

STERLING

New York lunchtime $1.401
London: $1.4005 (1.396)
DM 3.8575 (3.855)
FFr 11.8025 (11.785)
SwFr 3.155 (3.16)
Y331.0 (331.0)
Sterling Index 82.2 (81.9)

LONDON MONEY

3-month interbank:
Closing rate 11 11/16% (11⅝)
3-month eligible bills:
buying rate 11% (same)

STOCK INDICES

FT Ord 974.7 (−2.0)
FT-A All Share 628.0 (−0.1%)
FT-SE 100 1,299.1 (−3.1)
FT-A long gilt yield index:
High coupon 10.27 (10.26)
New York lunchtime:
DJ Ind Av 1,313.17 (−4.59)
Tokyo:
Nikkei Dow 12,583.08 (+99.08)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.00 W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

OVERSEAS NEWS

Richard Johns examines the long-term effects of Iraq's raid on Kharg Island

The attacks that shattered Iran's illusions

A RECENT visitor to Kharg Island, Iran's main oil export terminal, remarked that it was "more relaxed than Tehran, the capital, which was subjected to sustained high-level Iraqi air raids early this summer over a three week period.

Thursday's low flying attack on the installations, vital for nearly all the country's foreign exchange earnings, will have shattered any illusions about the effectiveness of its defences, mainly a heavy concentration of visible Hawk missile batteries. It must also have punctured the complacency about the diffidence of the enemy's pilots who had hitherto opted for radar-seeking missile attacks on tankers from a safe distance.

Yesterday it became clear that there might be more fire in relation to the large amount of smoke emanating from most Baghdad military communiqués in its claim to have inflicted severe damage in the latest raid. The lack of official Iranian denial or comment on its extent, bore witness to that.

Undoubtedly the attack, on the eve of Iran's presidential election, was the most determined bid yet to stop the flow of Iranian oil and only the second close-range assault on Kharg Island. It came at a time when Iran has been exporting about 1.6m barrels a day, the maximum permitted it by the Organisation of Petroleum Exporting Countries output sharing agreement, allowing for domestic consumption.

Iran has two other terminals. The one at Sirri Island, out of the range of Iraq's Super Etendard aircraft and developed as a satellite to Kharg, is a transhipment point for customers who are reluctant to allow their vessels to enter the "war exclusion zone" declared by Iraq or to avoid paying insurance premiums.

The other, at Lavan Island, can only handle 200,000 b/d produced from three small offshore fields.

It is too early to say how Iran's export capacity has been affected by the Iraqi assault two days ago and what, if any, the deterrent effect will be on lifters of Iranian crude.

It is the Kharg Island "H" jetty which is of critical importance to the National Iranian Oil Company and that was reliably reported to be still operating yesterday. This is the newer of the two facilities capable of handling Ultra Large Crude Carriers of up to 500,000 deadweight tons. It was crippled in June 1984 in the last and only other direct close-range attack on the terminal.

It resumed operations earlier this year with only two of its four berths in use. They are essential for the seven ULCCs chartered by NIOC's affiliate, the National Iranian Tanker Company, to shuttle oil to Sirri Island.

More than half and perhaps as much as two-thirds of Iran's exports are trans-shipped in this way and nearly all sales are to Japanese customers, the most apprehensive about the risks.

Two berths at "H" jetty being used only six hours a night could move 1.35m b/d of crude in ULCCs, it was calculated yesterday by Mr Humphrey Harrison, an analyst at Fielding, Newson-Smith.

After the "H" jetty, the most vulnerable facility is the pumping station and, to a lesser extent, the control systems. The pumping station is on shore at Gurreh and was not involved in yesterday's attack. In the June 1984 attack a control centre on the island was knocked out but this did not affect loadings because of alternative metering systems.

Kharg and its facilities remain vulnerable to attack by aircraft using rockets and bombs rather than the radar-seeking Exocet. The latest destruction was much less than most reports suggested.

The raid on Kharg Island occurred just hours before the polling stations opened in Iran at the start of the country's elections for a new president, writes our Middle East Staff.

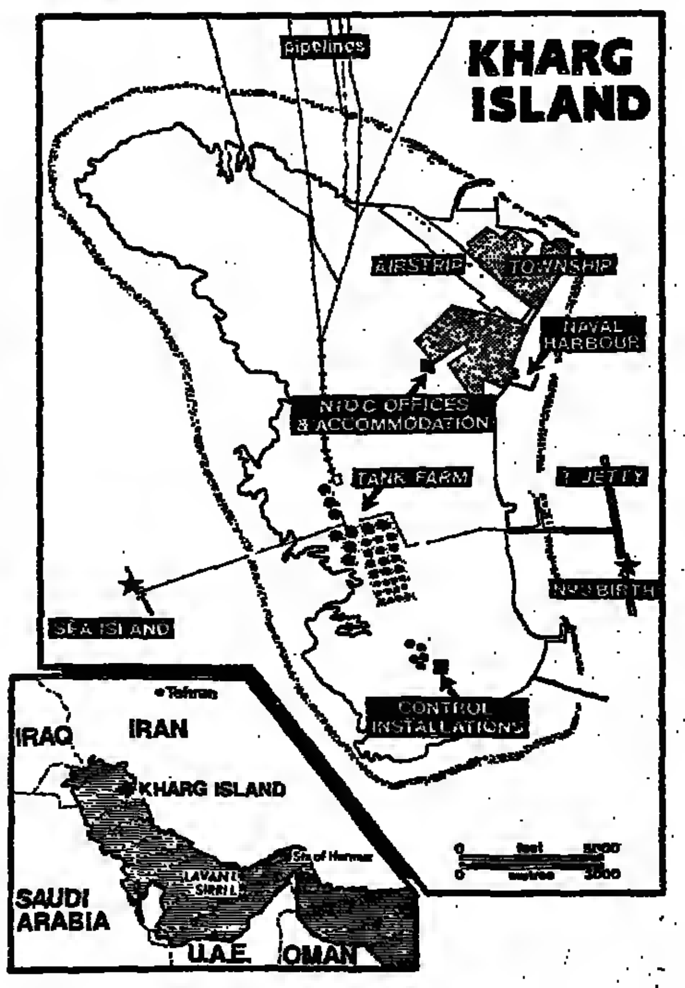
The elections do not appear in have generated much excitement among the 23m potential voters however. There are only three candidates for president, one of whom is the present incumbent, Hoj. Ali Khamenei, who most analysts predict will win. The other candidates, Habibollah *Asgar Owladi, a former trade minister,* and Mostapha Kashani, a lawyer, do not represent any challenge to the President.

Western observers in the capital said that the polling stations in the city were empty, and that there appeared to be more people queueing outside the local cinemas than at the mosques where voting takes place.

The electoral campaign which preceded the poll was marked tho unanimity between the candidates. The only pro-peace *candidate, former* premier Dr Mehdi Bazaragan was eliminated last month from the race along with 46 others on the grounds that he did not believe in clerical rule.

The two opposing candidates to President Khamenei restricted their speeches to criticising the Government of Hussein *Moussavi for its inefficiency and the* continuing domination of the state in the national economy.

The number of people who decide to vote, is a key issue, in the election. Government leaders say voting is a duty to God and Islam.



Factions shell Beirut for sixth day

CHRISTIAN and Moslem gunners traded artillery and mortar fire in Beirut for the sixth day yesterday as President Amin Gemayel sought to muzzle sectarian fighting, AP reports from Beirut.

Police reported that clashes flared across Beirut's dividing Green Line despite a pre-dawn ceasefire called after a night of fierce shelling.

Officials said at least two people were killed, inclding a 10-year-old boy, and five wounded in sporadic artillery and mortar exchanges after the six-hour night battles. The casualties raised the known toll since early Saturday to at least 51 killed and nearly 250 maimed and wounded.

Police said 16 people were killed and 82 wounded in the night-time barrages that spread from south Beirut to engulf much of the city and mountains east of the capital.

Police asked to quit

The director of Chile's National Police has asked 29 top officers to retire. The move represents the most dramatic change in the organisation's structure since Gen Augusto Pinochet came to power in 1979, AP reports from Santiago.

It was not known how many of the five generals, 17 colonels and seven lieutenant colonels of the police were due for retirement, and how many were asked to leave the force early.

Earlier this month, a civilian judge said he had found evidence that 14 National Police officers were involved in the deaths of three communists who had been arrested. The judge said it was up to a military court to take further action.

Obote leaves Kenya

Deposed Ugandan President Milton Obote has left Kenya for Zambia, airport sources said yesterday, Reuter reports from Nairobi. They said Mr Obote, who fled to Kenya after he was overthrown by the army on July 27, left on a special Kenya Airways flight last night with some 140 associates. There was no official confirmation of the report.

Austria cuts rate

The Austrian discount rate has been reduced by half a percentage point from 4.5 per cent to 4 per cent to bring it into line with the new West German discount rate, the National Bank announced yesterday, Patrick Blum reports from Vienna. The Lombard rate remains unchanged at 5.5 per cent. The new rate becomes effective on Monday.

Bulawayo mayor held

Three top officials of Mr Joshua Nkomo's opposition party in Zimbabwe, including the mayor of Bulawayo, were arrested yesterday in a continuing crackdown on the minority party, AP reports from Harare.

Poland counts cost

U.S. sanctions imposed after the introduction of martial law in Poland in December 1981 had cost Poland $15bn, Gen Wojiech Jaruzelski, the Polish Communist leader, said in an interview with Austrian television due for screening last night, Our Vienna Correspondent reports. Gen Jaruzelski also called for better relations with the U.S. and West Germany but rejected any attempts to interfere in his country's internal affairs.

Suharto optimistic

Indonesia's President Suharto, in a speech to mark the 40th *anniversary of his country's* independence, has said be is determined to fight corruption in that state apparatus and to achieve economic lift-off for this nation of more than 160m by the end of the century, Kieran Cooke writes from Jakarta.

In what's seen as a remarkably optimistic speech in the face of falling oil income—which accounts for more than 60 per cent of Indonesia's foreign exchange earnings—Mr Suharto said there were no grounds for devaluation of the Indonesian currency, the rupiah.

Arson plot blamed

Greek Prime Minister Andreas Papandreou yesterday blamed a wave of forest fires in which five people have died on an organised plot by arsonists, possibly aimed at destabilising Greece, Reuter reports.

U.S. home construction shows drop of 2.4%

By Nancy Dunne in Washington

CONSTRUCTION of new U.S. *housing slowed* 2.4 per cent in July from June, the Census Bureau said yesterday, providing another sign of stagnation in the American economy.

Builders started fewer houses in June than first reported, with production up only 0.8 per cent. The Government had originally estimated June housing construction at a 1.9 per cent increase after starts had plunged 13 per cent in May.

Analysts had expected a surge in home building because of declining mortgage rates earlier this year. However, sales of new homes have been slow, and July housing starts are down 4.4 per cent on a year ago, when average mortgage rates stood at a 1984 high of 15.2 per cent.

Mr Malcolm Baldrige, the Commerce Secretary said mortgage rates had edged up since early July.

"Strong growth in home-building activity would require further reductions in financing costs," he said.

A further indication of economic lethargy came yesterday in a separate Federal Reserve report on capacity utilisation, which showed no *change in the use of plant* and labour resources.

Buiding permits, a signal of builders' plans for the futre, dropped in July for the second month, down 0.9 per cent, after a 3.7 per cent decline in June.

Union Carbide admits mistake over delaying gas leak alert

BY WILLIAM HALL IN NEW YORK

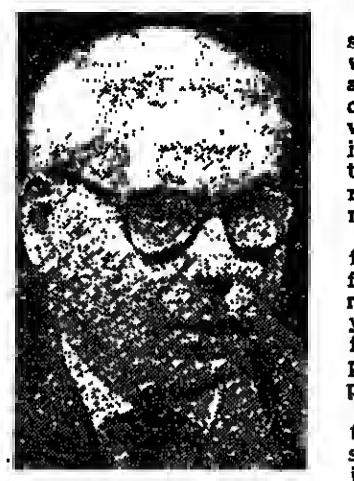
UNION CARBIDE, the U.S. chemicals company, yesterday admitted it had made a mistake when it delayed alerting the public for 20 minutes about a toxic gas leak from one of its plants in West Virginia last Sunday. One hundred and thirty five people were taken to hospital after the gas escape.

Mr Warren Anderson, Union Carbide's chairman, said in Charleston, West Virginia, that he understood the reasons why there had been a delay in notifying the emergency authorities but in future the company planned to change its ways.

He said that Union Carbide planned to reduce the judgemental elements which enter into a decision on whether to alert the emergency authorities.

"We would rather be accused of crying wolf than we would be of not doing the proper thing at the proper time," said Mr Anderson.

Using the analogy of pulling the emergency cord on a train, Mr Anderson said: "The game we have to play now is to pull the cord first and apologise later if necessary, rather than not pulling the cord first and apologising later for not pulling the cord."



Anderson . . . company will change its ways

Mr Anderson refused to speculate on the causes of the incident at the West Virginia plant and said that all would be revealed when the company released its own internal investigation next week.

However, be repeatedly stressed that the incident, which involved the release of a cloud of gas including aldicarb oxime and other chemicals, was not a life threatening incident. He noted that all but two of the people who had been rushed to hospital had been released.

There is considerable confusion about what was emitted from Union Carbide's plant. A report in the Los Angeles Times yesterday said the gas leak was far more serious than first reported because it included 65 per cent methylene chloride.

Mr Anderson confirmed yesterday that there were other substances involved in the leak, including methylene chloride but would not speculate on the proportions.

Methylene chloride can cause nervous system and brain disorders when inhaled in large doses. It can also cause eye, skin and respiratory irritation, the newspaper report said. Mr Jack Browning, Union Carbide's safety chief, said that tests on the substance are continuing but it is not yet considered a cancer threat to humans.

Switzerland decides not to prosecute Marc Rich

By John Wicks in Zurich

THE Swiss Government has decided not to order the prosecution of Marc Rich, the Zug-based international commodities group, on grounds of economic espionage.

Proceedings had been instituted in August 1983, after the company had delivered subpoenaed documents to a New York court. These had been demanded in connection with U.S. allegations of income-tax offences.

The Swiss authorities, who subsequently hindered the delivery of further data, have since been considering whether this act itself *constituted an offence under* Swiss law. A clause in the Penal Code lays down a prison sentence in cases where "manufacturing or commercial secrets" are released to a foreign power or a private company.

It has now been decided that there is no case to answer. According to the Swiss Ministry of Justice, only very few of the details contained in the documents affected Swiss interests and were protected by law

In a communique on the recommendations of the country's Federal Prosecutor's Office, the Swiss Government points out that the documents were yielded up under coercive measures—in this case a $50,000-a-day fine—imposed by the court and says it took into consideration that "the Marc Rich affair was marked essentially by the violation of Swiss sovereignty by the U.S."

EEC steel demand up

Crude steel consumption in the EEC rose by 6.4m tonnes in 1984 above the 100m tonnes recorded in 1983—the worst year for sales since 1963, Ivo *Dawnay reports from Brussels.* Production also rose to 120m tonnes in 1984 against 109m tonnes in 1983.

Expressed as finished products, the 1984 figures showed production at 104m tonnes

21 Sri Lankans die in renewed violence

BY JOHN ELLIOTT IN NEW DELHI

TWENTY-ONE people were killed in Northern Sri Lanka yesterday in the worst outbreak of violence since the island's government and Tamil extremists agreed on a ceasefire two months ago. The victims included men, women and children from both the majority Sinhalese and minority Tamil communities.

The incident could undermine peace talks between Tamil leaders and the Government which are taking place with the encouragement of India in Thimpu, the capital of the Himalayan country of Bhutan, north of India.

These talks have been veering towards a breakdown this week and Indian diplomats have been trying to ensure that the failure of the two sides to come together did not spark fresh violence.

At the same time there has been a fear that extremists would stage new attacks to try to undermine the talks and it is possible that this motive lay behind yesterday's incident.

Reports from Sri Lanka last night said that the deaths followed the planting of a landmine by Tamil extremists who want a separate state in the north of the island. Some reports suggested that the mine killed the 21 while others said that the people were slaughtered by the army in retaliation. The incident took place in the town of Vavunya.

Reuter adds from Colombo: In a separate incident, guerrillas attacked an army convoy with mortars and small arms at Nilaweli in northeastern Trincomalee district, a Defence Ministry spokesman said. Troops returned the fire and the guerrillas fled. No one was wounded.

A landmine at a military vehicle blew up a private car east of the island yesterday injuring a passenger, the spokesman added.

Hanoi plans troop pullout from Kampuchea by 1990

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

VIETNAM has indicated it will withdraw its estimated 170,000 occuying forces from neighbouring Kampuchea by 1990, more than 11 years after they invaded but earlier than previously suggested.

The proposal emerged at a two-day meeting of foreign ministers from Vietnam, Laos and Kampuchea which ended yesterday in Phnom Penh. The ministers also said a Malaysian idea for indirect talks between the Hanoi-backed Heng Samrin regime in Phnom Penh and the tripartite resistance coalition which is fighting it should be studied.

The outcome of the meeting was communicated to the Indonesian Government yesterday, ahead of a visit to Jakarta next week by Mr Nguyen Co Thach, the Vietnamese Foreign Minister. Jakarta is the interlocutor with Hanio for the six-member association of South-East Asian Nations (Asean), which also includes *Thailand, Malaysia, Singapore,* the Philippines and Brunei.

Mr Thach's visit, like the meeting of the three Indo-Chinese foreign ministers, is part of a continuing diplomatic round which keeps lines open between the two sides.

Vietnam has previously announced partial withdrawals of troops from Kampuchea following dry-season military offensives against the guerillas, who are backed by Asean and by Peking.

The Malaysian idea for proximity talks had previously been discussed but rejected by Asean. in July Asean Foreign *Ministers modified* it into a proposal for indirect talks between the resistance and a Vietnamese delegation, of which the Heng Samrin regime could be a part. This was rejected in advance by Hanoi.

Moscow tightens rules on draft

BY OUR MOSCOW CORRESPONDENT

WHEN a young Russian is called up for national military service his first thought is Afghanistan and his second is probably how to avoid the draft.

New legislation, announced yesterday is the latest edition of the Soviet Government Bulletin, made clear Moscow aims to close the loopholes through which eager men squeeze in their attempt to slip by the Military Commissariat that issues call-up notices.

People who lose these paper or fail to report changes in status are liable to fines. Those who supervise young men, such as factory managers, can also be held responsible for people who do not report for their two or three year stint.

The wording of the state decrees suggests that some youngsters go to drastic lengths, such as name changes, moves across the country and even trying to convince authorities they no longer exist by having relatives provide death certificates.

Young men, eligible for service from the age of 18, do not have the option of conscientious objection and have long faced two years in a labour camp for giving this or pacifism as a reason for dodging the draft.

The main fear for parents and the men themselves is the possibility of ending up among the 150,000 Soviet troops engaged in a seemingly interminable struggle against anti-government rebels in Afghanistan.

Soviet newspapers and television have given limited coverage of the five-year war, which has claimed many Soviet soldiers, but most news—or rumours—spreads by word of mouth.

As yet there has been no Soviet comment on Western press reports about the possibility of a U.S. switch in policy which could lead to a negotiated settlement of the Afghan issue.

But when *Mr Malcolm* Rifkind, British Foreign Office Minister, visited Moscow last month he said Soviet officials had indicated some progress had been made towards solving the problem at United Nations sponsored negotiations between Afghanistan and Pakistan. The officials gave no concrete detals.

Brazil budget for state groups increased 13.6%

By Ann Charters in Sao Paulo

THE LONG awaited new government budget for 321 Brazilian public sector companies, agencies and institutions permits spending of Cruz 304.7 trillion (million million) £3.5bn), an increase of 13.6 per cent in real terms, and projects a deficit of Cruz 6.8 trillion for this calendar year.

The public sector institutions included in the budget, which was approved late on Thursday, are those falling under the control of the special secretariat for public sector companies, which is responsible to the Planning Ministry.

Companies and institutions covered by the budget range from internationally known groups such as Petrobras, Brazil's state oil company, Nuclebras, responsible for the country's nuclear programme, Siderbras, the steel group, and Eletrobras, responsible for energy generation, to universities and smaller agencies. Not included in the budget are social security agencies or government banks.

Planned investments total Cruz 50 trillion, a real increase of 10.2 per cent over last year's level, with only 27 companies responsible for the bulk of the investment. Petrobras, Electrobras, Companhia Vale de Rio Doce in the mining sector Siderbras, and ITAIPU all received hefty allocations for their investment programmes.

According to the secretariat, the operating deficit of Cruz 6.8 trillion corresponds to that registered last year by the compaines. The performance of the sector did not improve this year because of government control on price and fee increases, the secretariat said.

The budget programme is the first concrete step under the Sarney Government to get a grip on the spending of public sector compaines.

Oil companies compete for Norwegian sites

By Fay Gjester in Oslo

VIRTUALLY ALL the large international oil companies, as well as three Norwegian groups, are among the 19 applicants for concessions in Norway's latest offshore petroleum licensing round.

Thirty licence areas off central Norway are being offered in this round, numbered 10 B by the Oil Ministry. Licence awards in 10 A, the first part of the round, were announced *last week.*

As well as the 30 blocks being offered for the first time, the ministry invited companies to bid for blocks offered, but not awarded, in previous rounds. One such block — 6507/8 — is believed to contain an extension of an oil find made by Conoco in the neighbooring Halten Bank area, and has reportedly attracted several applications.

Oil Ministry sources say most of the bids appear to be for blocks in the south-western part of the area on offer

The 19 companies which had applied by yesterday's 3 pm deadline are Agip, Amerada, Arco, BP, Britoil, Conoco, Deminex, Det Norske Oljeselskap (DNO), Elf, Esso, Fina, Norske Hydro, Mobil, Occidental, Saga, Shell, Tenneco, Texas Eastern and Total. Notable absentees were Phillips Petroleum and Amoco, both of which operate producing fields on the Norwegian shelf.

World Bank chief backs India's development effort

BY JOHN ELLIOTT IN NEW DELHI

MR A. W. CLAUSEN, President of the World Bank, last night gave almost *unqualified support* to India's development programme and its need for more concessional aid.

Speaking at the end of a five-day visit to New Delhi and rural projects, Mr Clausen said India should not be penalised for its trusted and constant development partner.

"*We will do our utmost* to support India's seventh five-year plan than we have in the present and we hope to provide more concessional aid in the seventh plan that we have in the present sixth plan," said Mr Clausen.

His remarks are specially *significant because the World* Bank will debate at its annual meeting in Korea in October the future of its concessional aid. The U.S. and some other developed countries want India's share of concessional aid from the bank's Industrial Development Agency (IDA) soft loan arm to be further reduced or even stopped. They argue that India is sufficiently developed not to need such aid and that there are other more deserving countries elsewhere.

Backing India in this debate, Mr Clausen said "We believe that the case for India to continue to receive concessional flows is a strong one, India should not be penalised forits development *success.*"

But be added that India should accept that it could, at the same time, afford to borrow more in commercial markets. Its current debt service ratio of under 15 per cent showed this.

The WorldBank's annual report on India said in May that India's commercial foreign borrowings, now running at $1.2bn (£860m). A year, may have to jump to as much as $5.2bn by 1990 if a 5 per cent planned annual growth rate is to be achieved.

India does not accept it will need or *can afford to borrow* so much and is continuing to press for more concessional aid. Its drawings on IDA fell from $1bn in 1984 to $672.8m this year, partly because the total size of IDA was cut, at the instigation of the U.S., and partly because its own share of the total was reduced. The World Bank's total *lending to India* consequently dropped by $375m from a record $2.7bn.

Mr Clausen also warned of the contrasts in India between accelerating economic performance and major problems of low productivity, infrastructure *bottlenecks* and extensive poverty. India's economy was at a "crossroads" and needed more competitive and efficient industry and sustained economic growth.

Mr Clausen visited the River Ganges at the holy city of Benares during his tour and said the World Bank was *willing to assist the river cleaning* project launched by Mr Rajiv Gandhi, the Prime Minister.

U.S. halts high-tech camera sale to Pakistan

Simon Henderson reports on fears of use in N-weapons

THE U.S. has cancelled a deal with *the Pakistan army to* supply a sophisticated industrial camera because officials feared the purchase was connected with the country's suspected attempts to develop nuclear weapons.

The camera, known as a flash X-ray machine, can take a series of pictures at extremely short intervals. It is manufactured by Hewlett-Packard.

The Pakistanis claimed the camera was needed for use in calibrating artillery guns. A slightly more advanced machine is used in designing an atomic bomb, when scientists need to know whether nuclear material will be compressed properly at the point of detonation.

American officials became concerned when they realised *that the training for the equipment* was the same for both military and nuclear purposes. This would then have enabled Pakistan to use on its bomb project a Swedish flash X-ray machine bought three years ago, which has been lying useless in Pakistan because Western pressure on Sweden stopped the delivery of operating manuals and spare parts.

The officials were concerned when Pakistan named two men that they wanted to send to the U.S. for training who were not soldiers but employees of the Pakistan Atomic Energy Commission.

The deal was called off last month and Pakistan was warned that such tricks could lead to the stopping of the $3.2bn military and economic aid agreement with the U.S., signed in 1981 after the Soviet invasion of neighbouring Afghanistan.

Pakistan has consistently denied that its nuclear programme is anything but peaceful.

In a separate challenge to American policy, U.S. officials will have to make a decision shortly on whether to grant an export licence for a scientific computer to Pakistan.

The computer, one of the Vax range made by the Digital Equipment Corporation, will be needed by a satellite ground station which the Pakistanis want to build near the capital, Islamabad, to receive signals from the American Lansat remote sensing satellite.

Information from Landsat is used in agriculture to monitor changes in crop patterns. Countries wanting to receive the information have to build their own ground station then pay a subscription fee to the U.S.

Western officials are worried that the computer will be used as a conduit for spare parts for a computer bought illegally by Pakistan and now in use at one of its plants involved on the bomb *project.*

Several American companies and one French company are bidding for the ground station contract. All are understood to be specifying an American Vax computer. There has already been a *diplomatic row* because the French argued to the Pakistanis that if the $15m contract for the ground station were awarded to them there would be no problem with supplying the computer. The U.S.*Government intervened* to say the problem would be the same for whichever company won.

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UK NEWS

Motorcycle trade despairs as sales continue to fall

BY JOHN GRIFFITHS

AN ATMOSPHERE of dismay and disbelief is *settling* over Britain's motor-cycle trade.

This summer, it has fired its big shots in a £1.5m Saatchi and Saatchi-devised campaign to revive motorcycling's image and its sales. But, after a short revival in the spring, sales remain on a steep downward trend which, there are now fears, will produce the trade's worst year since 1969.

In producing registration statistics for the first seven months of this year, the Motor Cycle Association yesterday officially acknowledged that sales for the year are expected to drop a 15 per cent from last year to *120,000*. That compares with sales of 315,000 in 1980.

Privately, concern is being expressed that the slide will be steeper and the final figure may be about 100,000.

The worst year *in the trade*'s post-war history was 1969, when 85,000 powered two-wheelers were sold.

However, there are big differences in the structure of the British market between this year and 1969. Then, far fewer machines were available. The British industry was surviving the arrival of small-capacity Japanese machines, but its ability to produce new products had been weakened. The onslaught from Japan throughout the powered two-wheeler market had yet to get under way.

This year, the market is flooded with an array of advanced technology machines in all capacity sectors. The Japanese manufacturers — who take more than 90 per cent of British sales—have invested heavily as part of the fierce competition with each other.

However, the Japanese have not proved capable of attracting fresh buyers. Some dealers are starting to believe the Japanese industry's strategy of trying to out-do each other with product innovation is backfiring.

Price levels have had to move up to give them visible returns. It now costs about £800 to put a 16-year-old on the road with a new 50cc sports moped; £1,000 or more to equip a learner with a 125cc machine.

Powered two-wheelers are bought mainly by 16- to 24-year-olds, among whom unemployment is high and pay low. A disgruntled dealer said yesterday: "I think it's maybe time for the Japanese to get back to basics, and produce machines which people can actually afford."

The used-machine market provides some evidence to support this view. While the new market has plummeted, sales of second-hand machines have remained buoyant at about the ¾m mark.

The Motor Cycle Association remains at a loss to explain the continuing sales slide. The trade's hopes had been raised at the end of last year by a television advertising campaign in the South-west, during which sales rose against a falling national market.

It was felt that the launch of this summer's national television campaign and other promotions was sure to produce a similar result — particularly after the revival in early spring.

Last month *moped* sales *were* down 21 per cent compared with a year earlier, and motorcycle sales were down 22 per cent. For the first seven months, total sales of powered two-wheelers are down 13 per cent at 67,910.

"While the wettest summer for many years has certainly not helped sales, there is no firm evidence that the weather is the main reason," admitted *the association*.

It is now waiting anxiously for the sales figures for August which, as in the car trade, should be the year's biggest because of the new registration prefix. But the trade has stopped looking for miracles.

Stores start stocking up with polyester

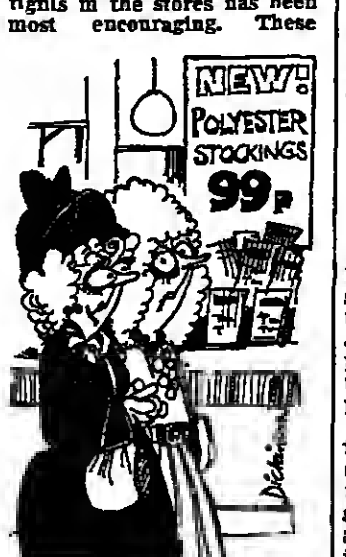
By Anthony Moreton, Textiles Correspondent

STOCKINGS and tights made from polyester, described as "the most revolutionary thing to hit the hosiery trade since nylons arrived," are being widely sold in stores and shops.

Ironically, in the month in which the 40th anniversary of the defeat of Japan and the ending of the Second World War have been celebrated the technology for the new hosiery has come from Japan.

"I am very excited with the new tights," Mr Tony Hodges, marketing director of Charnos, one of the big six British hosiery producers, said yesterday.

"Early reception of the tights in the stores has been most encouraging. These polyester tights could be the most revolutionary thing to hit the hosiery trade since nylons arrived."



"If they'd been invented 40 years ago, your Aunt Maude wouldn't be living in Arizona."

Those with long enough memories will remember that the arrival of nylons was greeted by women with a great deal of joy.

Nylon was developed by Du Pont in the U.S. and the first nylon stockings in the UK were brought by American servicemen.

The new polyester tights and stockings are being sold by Charnos under the Tender Touch label. Although they are slightly dearer — £1.25 for tights, 99p for stockings — than good nylons, Mr Hodges expects big sales.

"The advantage of polyester tights is that they are made from a brighter yarn and look clearer on the leg," he said. "Polyester is a very soft yarn with great recovery qualities, so the tights do not go slack after washing."

"One of our great stores groups is evaluating them and could have them on its racks next spring," Mr Hughes said.

Polyester tights have been on sale in Japan for six months. The technology was developed by Teijin, which is now looking to launch them in the U.S.

The only problem is what to call the new product generically. Polyesters hardly seems the right word. However 40 years ago "nylons" might also have seemed inappropriate.

Air Call, Oracle in subscription deal

AIR CALL and Aracle Teletext have reached agreement, in principle, to set up a joint venture company to market a subscription teletext service.

It will enable encoded data to be broadcast to subscribers at a lower cost where the number of customers and coverage area required is large.

Duncan Campbell-Smith sums up a week of rulings in the Laker case

Sir Freddie's dwindling options

THIS has been an unhappy week for Sir Freddie Laker. Instead of relaxing with a new wife on a millionaire's honeymoon on Capri, he has been sitting — a tense and uncharacteristically withdrawn figure — in the front row of the Vice-Chancellor's Court in London to pursue yet another round of the seemingly interminable Laker Airways litigation.

For his pains, he has been rebuked as a wholly untrustworthy negotiator by a U.S. judge in Washington and has had perhaps his last real hope of triumph in the legal battle comprehensively demolished by Sir Nicholas Browne-Wilkinson, the Vice-Chancellor.

The blessing yesterday from Sir Nicholas for the proposed out-of-court settlement to the Laker affair had not been entirely unexpected. However what left the week looking so disastrous for Sir Freddie was that the vice-chancellor's ruling came days after a setback in Washington which must weigh heavily against any fresh action launched in the U.S. on Sir Freddie's behalf.

He was not a plaintiff in the anti-trust action launched on Laker Airways' behalf in 1982. Mr Christopher Morris of Touche Ross, the airline's liquidator, initiated that suit and looks set, finally, to abandon it.

If Sir Freddie wants a U.S. court to reopen the anti-trust question, he must start and finance his own suit. He could consider this option only with the assistance of Mr Robert Beckman, his long-standing friend and private lawyer.

Neither Sir Freddie nor Mr Beckman appears to have left a favourable impression, to put it no more strongly than that, with Judge Harold Greene in a U.S. federal court in Washington.

Judge Greene has presided over Mr Morris's suit since 1982 and has taken a close interest during recent months in the negotiation of the liquidator's out-of-court settlement. His views would hear on any future legal proceedings over Laker Airways and he gave them full vent at an open meeting of lawyers in his chambers on Monday.

"So far as I am concerned, the liquidator has gone the extra mile by bringing him [Sir *Freddie*] in and having him participate. And the reason why it ultimately became possible to reach a settlement with Sir Freddie Laker is because he kept changing his mind from one negotiating session to the other. What he wanted one day wasn't what he wanted on another day," said Judge Greene.

He was unequivocal on Monday in his support of the settlement. *Sir Freddie* had arranged for counsel to place new objections before him. This lawyer got very short shrift from the judge, who cut him off in mid-sentence, saying his views were "just preposterous."

Nor did counsel for Mr Beckman fare much better. Mr Beckman, U.S. counsel to Mr Morris since 1982, attended the meeting in chambers but brought along his own lawyer *as well*. Judge Greene ordered the latter out at one point.

The original motive for the meeting was to sort out continuing difficulties over the fee arrangements for Mr Beckman and the other lawyers to Mr Morris. Here again, Judge Greene expressed some exasperation.

Above all, though he admitted to grave misgivings about an apparent conflict of interests for Mr Beckman between his role as counsel to Mr Morris and his role as counsel and adviser to Sir Freddie.

The two roles had come openly into conflict since July 12 as a result, said the judge, of Sir Freddie, "making every effort to torpedo the settlement." The fact that Mr Beckman might now want to use documents belonging to Mr Morris "raises even heightened problems of conflict of interest and a violation of the disciplinary rules."

Where this leaves Mr Beckman is unclear. However it will not have encouraged plans by Sir Freddie and his U.S. lawyer for a fresh assault in the courts. *So*, after the defeat yesterday, the options for them to pursue their struggle must be dwindling rapidly.

Max Wilkinson on prospects for curbing price rises

Belief that inflation past peak

WHITEHALL and the City seem agreed that the unexpectedly good inflation figue for July—an annualised rate of 6.9 per cent—means that the peak rate for this year has now passed.

The Government's claim that the rise—from an annual rate of 4.6 per cent before Christmas to about 7 per cent in the summer—would be temporary seems likely to get firm backing in the next few months.

This is of crucial importance to its hopes for keeping the general momentum of expectation of inflation moving downwards both in the City and among bargainers in the next round of pay settlements.

This brighter inflation outlook for the rest of the year depends to a large extent on the squeeze which a higher value for sterling has applied to import prices.

Since February, sterling has risen by about 15 per cent against the currencies of Britain's main trading partners, almost exactly recouping the decline of the previous 12 months.

The rise of sterling has been the main cause of a 10 per cent fall, to July, in manufacturers' fuel and raw materials prices from their peak in February. In a period when average earnings in manufacturing industry were rising at an annual rate of 9 per cent, this fall in other costs has helped to keep inflationary pressure subdued.

The annual rate of increase of manufacturers' selling prices has been running at about 5½ per cent this summer — well below the inflation rate measured by the retail price index.

JULY RETAIL PRICES
(Percentage rise over 12 months)

All items	6.9
Non-seasonal food	3.8
Seasonal food	2.1
Alcoholic drink	6.4
Tobacco	7.9
Housing	18.8
Fuel and light	4.5
Durable household goods	2.7
Clothing and footwear	3.4
Transport and vehicles	5.6
Miscellaneous	8.2
Services	7.2
Meals out	5.6
Nationalised industry prices	5.7

The main reason for this discrepancy is that the rises in interest rates, in defence of sterling since last July, have pushed up mortgage interest rates which are part of the housing element of the RPI.

Housing costs in July were almost 19 per cent higher than a year earlier. At the beginning of July last year, mortgage interest rates were 10¼ per cent, compared with 14 per cent in July this year.

Even if mortgage rates had remained so high, the annual rate of inflation would benefit from this month onwards from rates not having risen during the previous 12 months.

This arithmetical effect can be expected to reduce the annual inflation rate by almost one percentage point during the next two months.

Moreover, the 1¼ percentage point reduction in the mortgage rate, announced by the building societies on Thursday and bringing the rate to about 12¾ per cent, will depress the RPI by a further 0.4 per cent in September.

These factors have raised the Treasury's confidence that its March forecast of a 5 per cent inflation rate by the end of the year, and of 4½ per cent by next summer, can be fulfilled.

Nevertheless, ministers remain anxious about the trend of earnings. These have been rising at a steady annual rate of 7½ per cent for the whole economy—more quickly than the peak inflation rate and much more quickly than the rate which ministers would like.

Because of the need to keep inflation moving downwards, the Government will be faced with a delicate choice in the coming months. On the one hand, it will want to keep sterling at about its present level to maintain downward pressure on import prices, even if this means high interest rates. On the other hand, it will be anxious to edge interest rates down as soon as possible, in order to engineer further cuts in the mortgage rate before the end of the year.

Its ability to cut interest rates, therefore, will depend crucially on whether the dollar continues to weaken and on whether the foreign exchange markets remain friendly towards sterling.

Takeover spending hits £1.9bn

By Lisa Wood

TWO large acquisitions of companies helped boost the amount spent on takeovers in the second quarter to £1.9bn, according to figures revealed yesterday in British Business, a Government publication.

This amount was the second highest quarterly figure on record, slightly less than the £1.98bn spent in the first three months of 1985.

Sums spent on acquisitions of independent companies and mergers was 9 per cent greater than in the first quarter. The value of sales of subsididaries fell to less than a third of the value of the previous quarter.

There were 14 acquisitions valued at over £10m each, amounting to 82 per cent of total expenditure.

More than half the total value was accounted for by two acquisitions: House of Fraser by Alfayed Investment and Trust (UK) for £570m; and MFI, the furniture group, by Associated *Dairies for £571m*.

Three other sizable transtions were the acquisition of Initial by British Electric Traction for £176m, Pauls by *Harrison* and *Crosfield for* £115m and Foster Brothers Clothing by Sears Holdings for £111m.

The other nine acquisitions valued at over £10m were for £76m, £34m, £32m and sums between £10m and £13m.

The percentage of expenditure in terms of cash rose to 48½ per cent of the total as against 41 per cent in the previous quarter.

Expenditure in terms of ordinary shares increased to account for 50 per cent of tha total while the proportion accounted for by fixed interest securities fell from its high share of 17½ per cent to a more normal 1½ per cent.

Toyota offers maintenance plan with fixed monthly payments

BY JOHN GRIFFITHS

TOYOTA (GB) *is launching* a scheme to enable buyers of its cars to pay a fixed monthly amount for servicing, maintenance and repairs.

The Gold Plan, to be introduced this *month*, covers routine "wear and tear," exhausts, batteries, clutches, brake pads and tyres.

Toyota (GB), which is owned by Inchcape Group, said yesterday that other than the monthly sum, an owner would have to pay only for petrol, oil, topping-up fluids and road tax. Comprehensive insurance is an optional part of the package.

Tha scheme includes a towin service operated by National Breakdown Recovery Services, a replacement vehicle in tha event of repairs taking more than 24 hours, windscreen replacement and Continental cover *including* to*wing-in and* five days' car hire.

Participants will be issued with an identity card authorising servicing and repair costs at any Toyota outlet.

Toyota (GB) said *the only* exclusion involved vehicle "abuse," which would be referred automatically to the importer.

Payments, excluding insurance, will be worked out from anticipated mileage. A Toyota Starlet buyer driving 15,000 miles a year will pay £35; a 2.8 Supra Coupe owner £64. "Top-up" cover will be available in the event of mileage being exceeded.

Mr Ray Christie, assistant managing director, said that "budgeting for unpredictable expenses by means of a regular payment is becoming increas*ingly popular*, whether *it is* for a gas bill or through an extended warranty. We have taken the principle to its logical conclusion.

Nearly 33,000 Toyota's were sold in the UK last year.

Kraft Foods to drop 60 jobs on Merseyside

ANOTHER 60 jobs are to go at Kraft Foods on the Kirkby Industrial Estate, north Merseyside.

The fresh rationalisation plan was announced at an off-site meeting yesterday of management, union leaders and shop stewards.

Tha details will be reported to a meeting of tha 250 employees tomorrow morning.

An overtime ban has been operating for the past month after fears were expersssed that the plant would close.

About two years ago more than 900 staff were made redundant when cheesa production was transferred to a more modern plant on the Continent leaving only margarine production at Kirkby.

Rowntree Mackintosh, the confectionery manufacturers, have confirmed that 300 jobs will be lost at its plant at Castleford, West Yorkshire, later *this* year. The reduction is to be achieved as far as possible vy voluntary means.

Siebe Gorman axes 66 jobs

A TOTAL of 66 peopla are losing their jobs with closure of the engineerin gsection of the Siebe Gorman compressor plant at Cwmbran, Gwent.

Maxwell to buy United Newspapers' print division

BY SUE CAMEROM

MR ROBERT MAXWELL'S British Printing and Communication Corporation is to buy United Newspapers' general printing division for £3.4m.

Mr Maxwell, who is also the publisher of Mirror Group Newspapers, and United believa the printing division will have a better chance of flourishing with BPCC because printing is the corporation's main business. United, wihch has a string of local and provincial newspapers including the Yorkshire Post and which wants to take over Fleet Holdings with its Express Newspapers subsidiary, has been concentrating increasingly on publishing.

United's printing division—United Printing Services—had a turnover last year of £11m. The division includes such companies as UPS Ashton, UPS Blackburn, UPS Blackpool, Leagrave Press, George Pulman and Soman-Wherry Press. The group, which concentrates on contract printing, prints some of United's publications BPCC will continue to print these if it can offer a competitive price.

The group has aoma contracts to print magazines. One of the biggest contracts Mr Maxwell's BPCC will take over is for the printing of tha British Medical Journal—estimated to be worth aeveral million pounds a year.

BPCC is to repay UPS debts to United up to a maximum of £1.5m. It will issue 1.1m new 25p BPCC ordinary shares to UN. The current value of the shares is £1.9m.

Yesterday (August 16) Mr Maxwell said the deal would be "good for them, good for us and good for the customers." He said that at a time when the printing market was generally depressed, BPCC had built up its profits partly by "buying turnover." This not only strengthened BPCC's presence in the marketplace, but enabled it to carry out rationalisation programmes.

United, which said UPS profits had not been "exciting," stated that it expected the group to do much better with BPCC.

"We believe these companies will do better with a group that has printing as its dominant business," United said. "And Mr Maxwell will be able to put in the investment that we hava been unable to make."

● The Guardian announced yesterday that its new printing plant in London's docklands is to be built by Wimpey Construction. The contract is worth £4m.

PSBR for last month put at £600m

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE PUBIC Sector Borrowing Requirement for last month was officiallly estimsted to have been £600m, bringing the cumulative total for the first four montha of the financial year to £3.2bn.

In Whitehall the *figure was* taken as an encouraging sign that the Government is on track to meet its borrowing target of £7.2bn for the financial year.

However, official caution that borrowing is notoriously difficult to forecast, even towards the end of the year.

Yesterday's figurea from the Treasury showed that revenues were buoyant last month at £10.2bn — about 25 per cent *higher* than a year earlier.

Meanwhile supply expenditure, which gives an indication of the trend of central government, expenditure, rose 6 per cent in the first four montha of the financial year compared with the aame period a year ago.

This is rather faster than the rate of increase the Government would like to see for the year as a whole, but not alarmingly so, considering the large *fluctuations* possible

The effect of a higher value of sterling against the dollar in depressing the Government's oil revenues is not likely to show up in the accounts until October.

Opposition urges sanctions on S. Africa

BY MARGARET VAN HATTEM, *POLITICAL CORRESPONDENT*

LABOUR Party and Alliance leaders yesterday stepped up their demands for economic sanctions against South Africa, in the wake of *President* P. W. Botha's speech in Natal on Thursday night.

Mr Neil Kinnock, tha Labour leader, said the speech "shows conclusively that contacts and cosy chats with tha South African government in Vienna or anywhere else, achieve no serious change of course on the part of the apartheid regime."

Mr David Steel, tha Liberal Party leader, Mr Ian Wrigglesworth of the SDP, Mr Denis Healey, the shadow foreign affairs spokesman, and Mr Larry Whitty, the Labour general secretary, all supported the call for sanctions and urged the Government to take the lead among tha international community in pressing for them.

However, the Foreign Office, in a statement *which contrasted* curiously with comments by Baroness Young, a junior Foreign Office minister, held Mr Botha's speech to be "further evidence that the South African Government is embarked on a process of reform."

Lady Young, speaking on Thursday night, had described the speech as disappointing. The Government would have liked the president to be more specific, she said, and had hoped he would announce the unconditional release of Mr Nelson Mandela, the black nationalist leader.

The Foreign Office statement gave no indication that there was anything lacking or disappointing *in* Mr Botha's speech. There were "a number of positive features," such as the president's "willingness to negotiate with black leaders" and his call for co-operation and co-responsibility, the *statement* said.

The statement called for early progress, through dialogue with "genuine black leaders," towards a system of government which could command the support of the people of South Africa as a whole, and urged that Britain should encourage the South African Government to implement reforms.

Mr Kinnock, however, said Mr Botha's speech left tha U.S. and British governments "no sensible choice but to impose firm and effective sanctions." These were the last available peaceful means by which the international community could try to prevent further protracted and violent conflict in South Africa.

The speech "was not evidence of strength from a government that wants to win peace, but was proof of weakness from a government that prefers to take a long tima losing," he said.

Mr Wrigglesworth, for the SDP, said the speech "falls far short of any effective promise of political rights for the black majority. Only a genuine undertaking to negotiate with the authentic black leadership, including Nelson Mandela after he has been released unconditionally, can restore some measure of hope in this cycle of repression and resistance.

"Inadequate though they are, President Botha's concessions make a nonsense out of claims that sanctions are ineffective or counter-productive — it is the threat of American sanctions which has precipitated the collapse of the South African currency and of the economy, which is now in its worst recession in 30 years. It is the threat of a further collapse, with a total break in relations with the U.S., which has compelled President Botha to make these concessions.

"It is tragic that Mra Thatcher, by rejecting sanctions, has abdicated the responsibility for effective pressure at this critical time and left this role to Washington," Mr Wrigglesworth said.

Neil Kinnock: "proof of weakness" by Botha

Mr Whitty called on the British Government to take a lead, both in the EEC and at the forthcoming Commonwealth heads of government meeting, "to initiate positive measures of disinvestment, leading to tha economic isolation of South Africa."

Branson plans second bid for Atlantic speed record

BY ANDREW FISHER, SHIPPING CORRESPONDENT

RICHARD BRANSON intends to try again next year for the Atlantic speed record after the failure of this week's attempt when his powered catamaran sank 138 miles off Lands End.

"We would like to stick together as a team," said Mr Branson, head of the Virgin records and airline group, at a press conference of the nine-man crew in Portsmouth yesterday.

The 65ft catamaran, Virgin Atlantic Challenger, was on schedule to take the record before it hit an object in the sea. Mr Ted Toleman, skipper, said a modified and larger version would be ordered for next year's attempt.

The record (three days, 10 hours and 40 minutes at an average 35.6 knots) is held by the passenger liner United States, which took it from the Queen Mary in 1952. A cruise company is planning a $170m (£122m) refit and conversion to adapt the ship for the Pacific market.

In spite of doubts in the U.S. about the validity of a power boat challenging a record held by a large passenger liner, Virgin insisted it would be entitled to claim the Blue Riband title and the coveted gold-plated Hales Trophy, if it made the fastest crossing.

Mr Tim Powell, chairman of the Blue Riband Transatlantic Challenge Committee, which organised Virgin Atlantic Challenger's bid, said the Blue Riband title had no trophy and was subject to no dispute.

The difficulties arose with the Hales Trophy, now in the U.S. Merchant Marine Academy, because the original eight trustees, charged with sanctioning attempts on the record and awarding the trophy, died long ago.

Mr Harold Hales, a businessman sportsman and MP, set up the trophy in 1935, hedging it around with a 20-page declaration of trust.

Virgin established that an Italian trustee, in his 20s when appointed died in the 1940s on the Russian front. There were also a Frenchman and a Canadian from shipping lines which set records before the trophy's time. The Duke of Sutherland, who died in the 1960s, was identified as the last of the original trustees.

Virgin has presented his executors with eight names, mostly titled, to act as new trustees.

Mr Powell said he thought there was nothing in the trust to disqualify Virgin. While it refers to ships and liner (scheduled route) vessels, the only mention of passengers is in a section stating that any dangerous challenge would not get the award.

He said changes were needed in the trust which states that any challenge must be posted with a particular law firm — which has since amalgamated. Modern technology also meant the three-month period specified for checking challenge times was too long.

Mr Powell said the trophy was "quite magnificent." It was 4 ft 6 ins high on a solid onyx base, gold-plated and made of silver.

Wine sales unharmed by scare over additives

By Lisa Wood

BRITONS are not abandoning their new-found love of table wines, in spite of some European wines sold in the UK being found to contain the illegal chemical additive, diethylene glycol.

Leading retailers yesterday said total sales of table wines had not been affected, although some retailers such as J. Sainsbury, the biggest retailer, have temporarily dropped their Austrian white wines, although Sainsbury's brands have been given the all-clear.

The UK is one of the fastest growing table wine markets, with consumption quadrupling over the past decade. In the 12 months following the 18p a bottle tax cut in March, 1984, consumption rose by more than 25 per cent. The industry recently forecast that, if weather improved, sales for the rest of this year could maintain this growth.

Earlier this week, the Ministry of Agriculture identified eight Italian wines sold in the UK as containing the illegal chemical additive. Previously the chemical had only been found in some Austrian and West German wines.

Mr Alan Cheesman, director of buying at the wine and spirits department of J. Sainsbury, said: "We are not selling Austrian wines and have withdrawn them although we received total clearance on our two brands. This is because of general customer concern over Austrian wines. However, the contamination has not affected total sales of table wines with trade being very encouraging."

Grants of St James, the wine and spirits wholesaling subsidiary of Allied Lyons, said it had no evidence of any drop in total sales of table wines.

Retailers and wholesalers are cooperating with the Ministry of Agriculture and the Department of Health and Social Security in analysing wines for the chemical.

● Yesterday's edition suggested that Italian wines sold in the UK had been found to contain diethylene glycol in higher concentrations than in Austrian wines. This was based on information from the Ministry of Agriculture. The ministry now states that traces in Italian wines are substantially lower than in Austrian, though high enough to be illegal.

Compensation call for holidaymakers

BY OUR CONSUMER AFFAIRS CORRESPONDENT

Holidaymakers subject to last-minute changes in travel plans should be given adequate compensation, the Consumers' Association said yesterday.

The association said that many members had suffered this summer from having had holidays altered because of the practice of "consolidation"—tour operators' jargon for cancelling undersold holidays and shifting booked passengers to other flights, involving different travel arrangements and sometimes a different holiday.

The association believes that holidaymakers affected by this practice should get a new holiday of the same standard.

It points out that adequate compensation is difficult to achieve because most tour operators' booking conditions offer only small amounts of compensation in the event of "major" changes being made to a holiday programme.

"This is unfair," says the association. "If your holiday is significantly altered at the last minute, under the Unfair Contract Terms Act you are entitled to adequate compensation, whatever the booking conditions say."

The association argues that "it is time the Association of British Travel Agents took action and tightened up its code of conduct to prevent tour operators altering holidays at the last minute."

Where this happens "the customer should be automatically compensated at the kind of level he has to pay if the company decides to alter or cancel his arrangements."

ABTA last night defended the tour operators' practice of making last-minute changes. It helped to keep costs down, a spokesman said.

The problem is expected to be review by ABTA members.

Attempt to stop pavement traders fails

AN ATTEMPT by Westminster City Council to prevent unlicensed street traders cashing in on the August shopping boom in London's Oxford Street failed in the appeal court yesterday.

Lord Justice Nourse, sitting with Lord Justice Glidewell, said the council's application for temporary injunctions stopping nine men selling scent and jewellery in Oxford Street could not be heard because the courts were in the middle of the summer vacation.

He said the council should have made the application before the courts rose on July 31. He dismissed its appeal against a similar ruling last week by Mr Justice Tudor Price.

Mr Anthony Pollack, QC, for the council, told the court the applications for injunctions were part of a campaign to stop unlicensed trading in Oxford Street.

He said the nine men had convictions for obstruction and unlawful trading, but magistrates' fines were regarded as part of the business overheads.

The council decided the only way to solve the problem was by obtaining High Court injunctions forbidding traders from operating in Westminster without licences.

The traders—eight of whom were in court—said they would seek the help of lawyers to fight the council's action when the next law term starts in October.

APPOINTMENTS

Cossor Electronics managing director

COSSOR ELECTRONICS has appointed Mr Derek Dickinson as managing director, following the resignation of Mr Peter Brighton. Mr Dickinson was technical director.

★

Mr Colin West has been appointed the managing director of MICRO FOCUS GROUP. He was made a director at the annual meeting on August 12.

★

Mr George Cannon has been appointed to the board of Portsmouth and Sunderland Newspapers. Mr Cannon, who has been part-time chairman of the company's wholly owned subsidiary, Portsmouth and Sunderland News Shops, for the last eighteen months, has previously been a director of BAT Stores and group deputy chairman of Fitch Lovell.

★

The Keeper of Public Records has appointed Mr Michael Roper as deputy keeper of PUBLIC RECORDS and head of the records services and publications division. He succeeds Dr P. M. Barnes, who is taking up an appointment as head of the Library and Records Department at the Foreign and Commonwealth Office. Mr Roper is succeeded as records administration officer by Mr C. D. Chalmers.

★

Mr Ronald A. Hytoff has been appointed executive director of HUMANA HOSPITAL WELLINGTON, Wellington Place, NW8. Mr Hytoff was previously executive director of the Humana Hospital in Lexington, Kentucky, U.S. Humana Hospital Wellington, is believed to be the largest, purpose built, multi-speciality, private hospital in Britain. It has 225 in-patient beds and incorporates Europe's biggest day surgery centre.

★

Mr Ken Mollins has been appointed chief executive of WEAVERCRAFT CARPETS. He was chief executive of the clothing division of Reliance Industrial Holdings.

★

Mr W. E. Hillier has been appointed as director of the SCIENCE AND ENGINEERING RESEARCH COUNCIL'S ACME (Application of Computers to Manufacturing Engineering) directorate. The appointment will be for five years from September 9.

★

Mr Ivan Foster has been appointed director and general manager of PEABODY ENVIRONMENTAL VEHICLES AND EQUIPMENT.

★

Mr Fouad Masrieh has joined JORDAN FINANCE CONSORTIUM, London, as deputy general manager. Mr Masrieh was previously with Gulf International Bank, London.

★

MANGANESE BRONZE HOLDINGS has made the following appointments to the boards of subsidiaries: Mr R. Begley, director and general manager, BSA Foundries; Mr I. C. Taylor, director and general manager, BSA Precision Castings; and Mr M. G. Williams, financial director, BSA Precision Castings.

★

Mr Fred Church has been appointed chairman of IGG TECHSYSTEMS. Mr Bill Manuel is managing director; Mr Glyn Church marketing director; and Mr Peter Church engineering director. The company is a newly-formed member of the IGG Group of Cosham, Portsmouth — having acquired the assets and goodwill of the former Techsystems.

★

MARSTON, THOMPSON & EVERSHED has invited Mr Sam Whitbread, chairman of Whitbread & Co., to join the board. Mr Charles Tidbury retires from the board on September 6.

★

Ms Erira Hudson, Mr Peter Ansell, Mr John Wise and Mr George Vrrloou have been appointed assistant directors of LESLIE & GODWIN NON-MARINE. Mr C. P. A. Waters has been appointed assistant director of Leslie & Godwin (UK).

★

Mr Roy Myers has been appointed an associate director of C. E. HEATH & CO (MARINE).

★

Mr Bernard Simpson has been appointed a director of GATEWAY FOODMARKETS. He will be responsible for data processing. Gateway is part of the Dee Corporation.

★

Mr Alan Elsmore has been appointed to the board of WADE POTTERIES and Mr Charles H. Ellerton, a main board director, has been made managing director of George Wade & Son, the largest subsidiary. Mr Elsmore was production director of George Wade & Son. Mr Ellerton was sales director of Wade Potteries.

★

STANDARD CHARTERED BANK has appointed Mr Alan Plumb as manager, merchant banking division, Korea, and as director and representative in Korea of Standard Chartered Asia. He was formerly with Hill Samuel & Co in London, Armco Pacific in Singapore and Sachan Merchant Bank in Seoul. He is presently on secondment from Standard Chartered Merchant Bank.

★

MOTT, HAY & ANDERSON has appointed the following to be additional directors of the UK practice: Mr E. Hugh Norie, previously an associate, Mr Peter J. Clayson, Mr E. Alan Croddas, and Mr Arthur Newton: all retain directorships of various associated companies.

★

Lord Caldecote, president of the Fellowship of Engineering and chairman of Investors in Industry, is to join the board of WS ATKINS GROUP CONSULTANTS as a non-executive director. Mr John Judson, hitherto acting chairman, becomes the consultancy's full-time chairman.

★

CAMBRIDGE CAPITAL has appointed Mr John Goodger as a director. Until April, Mr Goodger was a director of Financial Strategy.

BASE LENDING RATES

A.B.N. Bank	11½%	Heritable & Gen. Trust	11½%
Allied Dunbar & Co.	11½%	■ Hill Samuel	§11½%
Allied Irish Bank	11½%	C. Hoare & Co.	11½%
American Express Bk.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Johnson Matthey Bkrs.	11½%
Amro Bank	11½%	Knowsley & Co. Ltd.	12 %
Associates Cap. Corp.	12 %	Lloyds Bank	11½%
Banco de Bilbao	11½%	Edward Manson & Co.	12½%
Bank Hapoalim	11½%	Meghraj & Sons Ltd.	11½%
BCCI	11½%	Midland Bank	11½%
Bank of Ireland	11½%	■ Morgan Grenfell	11½%
Bank of Cyprus	11½%	Mount-Credit Corp. Ltd.	11½%
Bank of India	11½%	National Bk. of Kuwait	11½%
Bank of Scotland	11½%	National Girobank	11½%
Banque Belge Ltd.	11½%	National Westminster	11½%
Barclays Bank	11½%	Northern Bank Ltd.	11½%
Beneficial Trust Ltd.	12½%	Norwich Gen. Trust	11½%
Brit. Bank of Mid. East	11½%	People's Trust	12½%
■ Brown Shipley	11½%	PK Finans. Intl. (UK)	12 %
CL Bank Nederland	11½%	Provincial Trust Ltd.	12½%
Canada Permanent	11½%	R. Raphael & Sons	11½%
Cayzer Ltd.	11½%	Roxburghe Guarantee	12 %
Cedar Holdings	12 %	Royal Bank of Scotland	11½%
■ Charterhouse Japhet	11½%	Royal Trust Co. Canada	11½%
Choulartons**		■ J. Henry Schroder Wagg	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12¾%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Continental Trust Ltd.	11½%	Williams & Glyn's	11½%
Co-operative Bank	11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
...can Lawrie	11½%		
...Trust	12 %		
...Trust Ltd.	12 %		
...nt. Fin. Corp.	13 %		
...Secs. Ltd.	13 %		
...eming & Co.	11½%		
■ ...ser & Ptns.	12½%		
...ank	‡11½%		
...bon	11½%		
...	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-days deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

ECONOMIC DIARY

TOMORROW: Department for National Savings' monthly progress report (July).

MONDAY: Gross domestic product (output-based) (second quarter preliminary). Mr P. W. Botha, South African president, expected to meet Archbishop Tutu in Pretoria to discuss state of emergency. U.S. personal income (July).

TUESDAY: Cyclical indicators for the UK economy (July). Racal Electronics annual meeting. Tabling of the 1985-86 Australian budget. New Zealand's second 1985 budget to outline tax changes. French foreign currency reserves (July). U.S. second quarter gross national product, corporate profits.

WEDNESDAY: CBI/FT survey of distributive trades (end-July). Construction new orders (June-provisional) (second quarter provisional). W. H. Smith & Son (Holdings) preliminary figures.

THURSDAY: U.S July consumer price index/durable goods orders.

FRIDAY: UK balance of payments 1985 edition (CSO Pink Book). Finished steel consumption and stock changes (second quarter provisional). Sales and orders to the engineering industries (May). U.S July budget statement.

Helen Hague looks examines the union split in the pits

Battle to represent the miners

MR ROY LYNK, the blunt and bluff leader of the Nottinghamshire miners, chuckles at the newspaper cartoons pinned to his office notice board.

One, from the Daily Mail depicts Mr Arthur Scargill, the National Union of Mineworkers' president, as a ranting egomaniac clutching the union's new rule book and declaring: "All I ask is that the NUM be run by one man one vote."

The other, a Daily Express creation, shows Mr Neil Kinnock, the Labour Party Leader, as the TUC's poodle, urged by his "master" Mr Scargill to bite a handsome-featured Mr Lynk.

Mr Lynk is in buoyant mood, basking in two recent "victories" which will aid him in the task of establishing a union grouping in the mining industry to rival the NUM.

Earlier this month a High Court judge ruled that the Nottinghamshire Area's decision to withdraw from the NUM, taken immediately after the union's annual conference, was valid.

Last week the large Daw Mill colliery in Warwickshire voted by 77 per cent in a pithead poll to sever links with the NUM.

The court decision was a big setback for the national union, which claims a sizeable grouping of "loyalists" in Warwickshire. In the NUM's analysis the ruling is yet another instance of the judiciary making political judgments, further evidence of the "forces of the state" combining to break the power of the Labour movement's shock troops.

However, the strength of the post-strike breakaway currents, which threaten to fragment the NUM, will depend on the response of rank-and-file miners.

The rich and productive Nottinghamshire coalfield, where working miners kept the power stations going throughout the year-long strike, is the power base of the mooted Union of Democratic Mineworkers, an amalgamation of dissident NUM groupings.

In late September the 28,000-strong Notts Area, along with 3,200 South Derbyshire miners and a small breakaway grouping in Durham, will ballot members simultaneously on the split from the NUM.

Under the Trade Union Amalgamations Act 1964 a simple majority in favour of a split will enable a new umbrella union to be established.

In the run-up to the ballot both loyalists and breakaway champions are mounting campaigns to win the hearts and minds of rank-and-file colliers.

The anti-Scargill leadership in Nottinghamshire holds the whip hand in the propaganda war. It controls the area executive council and holds virtually all branch positions. Branch officials have been instructed not to allow Mr Scargill to address branch meetings.

Loyalists who accuse the Notts leadership of attempting to stifle debate claim this clampdown is sparking a backlash against the breakaway.

Mr Jimmy Hood, a loyalist stalwart from Ollerton Pit, says the "free speech" issue is galvanising waverers at the colliery to question the tactics of the area leadership.

Municipal halls, not the local Miners' Welfare, are venues for loyalist rallies. When Mr Scargill spoke in Sutton-in-Ashfield last weekend the local Women Against Pit Closures Group booked the community centre and had a whip-round for costs.

The key problem faced by the NUM is one of communication. Inevitably, the bulk of loyalist rally audiences are men who have already decided to "stay loyal."

However some confound the stereotype. At Sutton a Notts miner who had worked throughout the strike admitted to guilt for not joining, and pledged himself to the national union.

A couple of miners from Calverton who had decided to throw in their lot with the breakaway turned up to hear the arguments. They laughed at the NUM president's knockabout warm-up act, vignettes of judges and policemen, but remained unswayed.

They shared the Lynk analysis that Mr Scargill was to blame for the break-up of the NUM, and wanted to hear him admit it. Self-vilification is not Mr Scargill's campaigning tactic. To him the cartoons pinned to Mr Lynk's notice board prove the point that the capitalist press is acting as an agent of the state to break the union.

Press barons, Government, National Coal Board and the judiciary are in cahoots to smash the NUM, and are actively abetting the establishment of a "collusionist union" to pave the way for privatisation of profitable pits; this is the picture.

One national speaker drafted into Nottinghamshire to spread the loyalist message is Mr Bill Etherington, general secretary of the Durham Mechanics Branch of the NUM.

The mechanics' zeal in expelling strikebreakers during the dispute alarmed the NUM leadership, and has been cited by the breakaway grouping in the North-east as providing the momentum for its founding.

The Colliery Trades and Allied Workers' Association claims 1,300 members. Its leaders were among about 400 Durham mechanics expelled from the union, nearly a tenth of the area's membership. Expulsions have been rescinded for 70 after they appealed against expulsion.

The group has formed close links with Notts, and along with South Derbyshire area plans to be one of the three initial sections of the "Union of Democratic Mineworkers."

Mr George Hunter, a blacksmith from Westoe Mine, is chairman of the association. In the next few weeks contributions of members of this will be debited direct from the Coal Board's payroll, a measure of the qualified recognition the body is receiving.

The association was registered as an independent trade union with the Government Certification Officer in early June.

It claims about 360 members at Wearmouth Colliery, and more than half the workforce at Tursdale workshops. At Mr Hunter's pit its membership is 150.

At some pits association officials sit in on management union consultative committees as assessors.

Many of the miners expelled by the mechanics, plus 213 expelled by the Durham miners, formed the nucleus of the new breakaway union.

With the prospect of the new union Mr Hunter is confident membership will expand.

Loyalists in the county have branded the association a "Mickey Mouse" union, an irritant which should not be allowed to divert energies from the main fight, against the Coal Board's closure plans.

"It's way down on our list of priorities," says Mr Etherington. The fight against closures, the union's financial problems and the campaign to support sacked pitmen take precedence over attempts to stymie the breakaway union.

Mr Etherington says the breakaway is a "contemptible nuisance" in the strategy to fight impending closures at Horden and Eppelton.

Mr David Hopper, branch secretary at Wearmouth, where the return to work in Durham gained momentum, holds similar views. He believes the union is well rid of the expelled men—37 from his branch—saying that they deserved to be punished for leading men back to work.

Mr Alan Cummings, branch secretary at Easington pit, says that expulsion was the correct tactic "at the time." Pressure was coming up from rank-and-file miners, who remained on strike to take action against men who broke ranks at a crucial stage in the dispute.

He sounds a note of caution over the breakaway group, warning: "We must not make the same mistake as many people did with the SDP, treating them as a joke."

This weekend attention is focused on the Lancashire Coalfield. Today Mr Sid Vincent, leader of the area's miners, has called a meeting of all branch presidents and secretaries in the coalfield to campaign for unity.

Representatives from Leigh craftsmen, 240 men at Bickershaw and Parsonage collieries, will not be present. They voted by five to one this month to leave the NUM.

Tomorrow representatives of the Durham breakaway union will address a meeting of the disaffected craftsmen in Wigan, Lancashire. Forms have been sent to each member to contract out of the NUM. Leading members of the Leigh group expect to link the area formally to the association next week.

At Agecroft Colliery near Salford adoption of the new NUM rule book has crystallised feeling against the national leadership which emerged during the strike. Most men remained at work and the pit was heavily picketed.

Branch officials have been charged to "monitor" the situation in Notts, South Derbyshire and the Midlands, and hold a pithead poll on the breakaway issue when the picture becomes clearer.

Mr Jim Lord, Agecroft NUM branch secretary, is a vociferous critic of Mr Scargill, and the new rule book, and a champion of a revamped incentive bonus scheme, which the NUM is pledged to work towards scrapping.

However, he is not champing at the bit to join a breakaway, envisaging myriad problems if the pit splits from the NUM.

His fellow NUM branch official Mr John Edwards now believes a split is almost inevitable, but that the colliery should bide its time to see if and how the new breakaway union develops.

The constitution has been designed to allow other pits and areas to join with relative ease. As such, it could become a magnet for other disaffected groupings.

This is Mr Lynk's vision. The attitude of the NCB will be crucial. Section 46 of the 1946 Coal Industry Nationalisation Act states that the NCB has a duty to consult with organisations appearing to it to represent a substantial proportion of employees.

Mr Lynk is confident that the Notts area will represent more than 50 per cent of the county's miners, and thus secure wage negotiating rights.

His projection for the future of the breakaway is more grandiose: "I believe that in time we will attract more than half the country's mineworkers. We will then demand national negotiating rights from the board."

Both Mr Ian MacGregor, the NCB chairman, and Mr Lynk are keen on extending the scope of incentive bonus payments.

The NUM is not, believing that the scheme sets pit against pit, area against area and that the payments should be consolidated into the basic wage.

The NCB is keen to regionalise pay bargaining at the expense of less productive areas. The breakaway union leadership hopes that it may find fertile recruiting ground at superpits such as Selby.

Mr MacGregor has been seen as an enthusiast for breakaways. But his view is not shared by many NCB managers, who foresee an industrial relations jungle if two rival union groupings emerge in the industry and at the coalface.

The breakaway ballot vote, timed to fall between the TUC and the Labour Party conference, will give a firm indication of the extent of rank-and-file support for the break.

The loyalist campaign in Notts and South Derbyshire is focusing on the implications of a split for future generations.

The breakaway leaders hope to capitalise on their declared aim of presenting an alternative to Scargillism using the NUM's failure to call a national ballot in the 1984-85 strike as a key campaigning plank.

A CONFRONTATION between unions over setting up a new terminal in the port of Liverpool for importing foreign coal will have to be resolved at national level.

Regional officers of the Transport and General Workers' Union, who are backing the terminal, and the National Union of Mineworkers, who are opposing it, met for two hours in Transport House, Liverpool, yesterday.

No formal statement was issued but it was made clear neither side would alter its position.

Mr Jimmy Symes, district dock secretary of the transport workers, said: "The matter will have to be decided at national level between the general secretaries Ron Todd of the transport workers and Peter Heathfield of the NUM. We have already referred our case to Mr Todd."

● A strike halted production at a big north-east pit yesterday after a go-slow led to a suspension threat. About 500 men on the morning shift at Dawdon Colliery, Seaham, County Durham, walked out and all 1,300 NUM workers there will meet on Sunday to decide whether to stay out. The NCB said the dispute was over incentive bonus payments.

Opposing views: Mr Arthur Scargill (left); Mr Roy Lynk (right); Mr Ray Chadburn (Notts president) meets miners

Change expected in docks labour scheme

BY JOHN LLOYD, INDUSTRIAL EDITOR

PORT EMPLOYERS expect an announcement from the Government within the next few weeks of a restructuring in the national docks labour scheme, which will cut the growing percentage of surplus dockers which must be kept on the port employers' books.

The size of the surplus is more than 1,000 of the over 12,000 dockers registered with the National Dock Labour Board, and the surplus is growing. The employers believe arrangements will be introduced soon which will relieve them of some of the scheme's costs.

The board's report for last year, published yesterday, shows the continued decline of the labour force. It also shows that last year was one of the worst of recent years for strike action, largely because of two national strikes.

The total wage bill for last year was £146m, compared with £153.1m in 1983, a reduction of 4.6 per cent.

NATIONAL DOCKS LABOUR SCHEME

Year	Total required	Available for work	Required	Surplus
1978	28,680	23,623	20,161	3,502
1979	26,898	22,292	18,991	3,460
1980	24,492	20,598	16,261	4,103
1981	21,022	17,762	13,774	3,828
1982	14,788	14,252	12,214	2,018
1983	14,631	12,394	10,613	1,744
1984	13,403	11,404	9,063	1,669

Dover ferry strike ends

A STRIKE which stranded thousands of holidaymakers at Dover was called off a few hours before it had been due to end yesterday.

The 24-hour stoppage by Townsend Thoresen ferry Union of Marine, Aviation and Shipping Transport Officers, said the company had agreed to new talks next Tuesday.

Townsend Thoresen expected its 12 ferries to be working normally from the port late last night.

There was a big backlog of travellers. At one point, about 700 cars, 70 caravans and 30 coaches were queueing for ferries.

This weekend is one of the busiest of the year at Dover. Some of the vehicles booked on Townsend ships were able to transfer to other ferries, and Hoverspeed, the hovercraft company, put on extra flights to Calais.

/19

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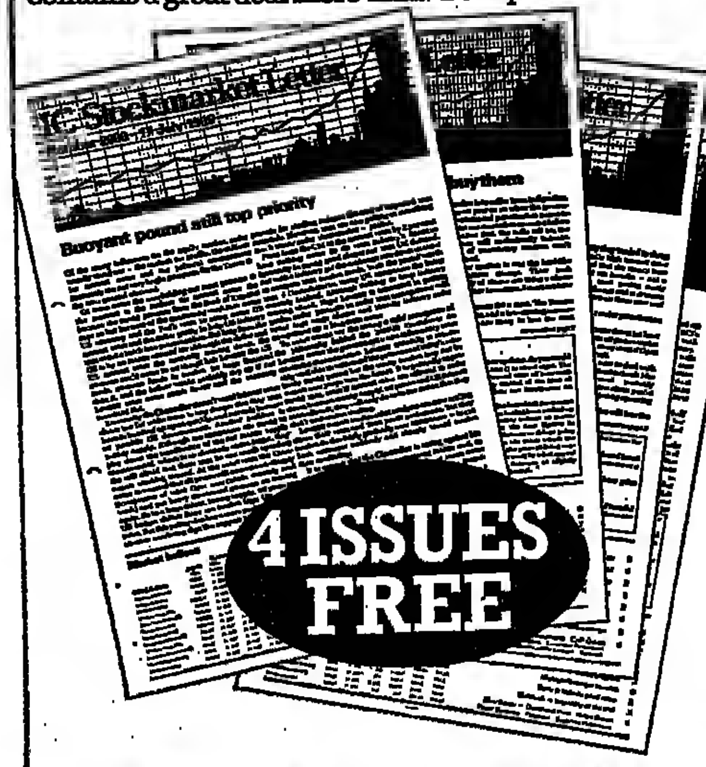

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		Rec date	% gain as at 5.8.85
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	Reed Executive	8/83	+391
	Reed Executive	8/83	+330(23)**
	Keywest Inv.	8/83	+306
	Keywest Inv.	8/83	+83(7)**
	Antofagasta Holdgs	9/83	+271
	Dee Corp	5/83	+251
	Grattan	6/83	+248(17)
	High Point	12/83	+207(18)
	Bridon	6/83	+188(22)
	Aero Needles	12/83	+183(2)
	AE	11/83	+181(17)
	Wolstenholme	10/83	+180(16)**
	Wolstenholme	10/83	+156
1984	A & P Appledore	10/84	+231
	A & P Appledore	10/84	+222(9)**
	Falcon Resources	10/84	+221(7)**
	Falcon Resources	10/84	+ 56
	Microgen	1/84	+201(17)
	Carpets Int.	12/84	+191(4)
	British Telecom	11/84	+157(3)
	Home Charm	3/84	+150
	Comcap	5/84	+119(10)
	Argyll Group	10/84	+137(9)
	Iceland Frozen Fds.	9/84	+116(7)
1985	York Trailer	2/85	+ 79
	Alexandra Workwear	1/85	+ 57
	Bronx Engineering	1/85	+ 55
	First National Finance	1/85	+ 46
	Borthwick, Thomas	1/85	+ 36(5)

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Dilemma of the dollar

WILL IT subside gently or fly out of control like a punctured balloon? Tbe dollar'a future continues to dominate the thoughts of officials on both sides of the Atlantic.

In Europe, as hopes of a "soft landing" have risen, the talk has been about how to adjust to a weaker dollar: should governments seize the chance to reduce interest rates, thus stimulating tha lacklustre economic recovery, or should they snatcb at a golden opportunity to kill off inflation?

Tbere is a danger that governments could take too parochial a view of this question. This could happen in two ways.

First, there is the temptation to think primarily in domestic terms and to underplay the implications for other European economics. Tbe "high inflation" triumverate of Britain, France and Italy, for example, is likely to have a different set of priorities tban the "low inflation" economies, beaded by West Germany but including Holland and Switzerland.

Austere line

Worries that West Germany, in particular, is still not taking its international responsibilities seriously enough have not been totally allayed by the Bundesbank's decision to cut its key lending rates by ½ a point.

West German inflation is barely above 2 per cent; yet domestic demand and investment are singgish and with the current account surplus rising inexorably, the economy is doing nothing to help its nelghbours grow faster.

Tbe aecond way European governments could be parocbial about the implications of a softening dollar is by ignoring the ramifications in Washington of decisions taken in London, Paris or Bonn. It would be dispiriting indeed lf, reacting to the problems partially caused by the economic isolation of the Reagan Administration, European governments were to commit a similar error.

As Mr David Stockman, having parachuted out of the Office of Management and Budget (and baving made a soft landing at Salomon Brothers), has made clear there is little hope tbat tha U.S. will take decisive action to resolve tha dollar dilemma.

After President Reagan's reelection, a window of opportunity opened briefly: there was a possibility of a firm action in Washington to regain control ofthe ballooning budget and current account deficits, and to restore some semblance of balance to the American economy. That window, at least in Mr Stockman's view, has now slammed sbut, probably for another three years.

In effect, there is no such thing as a U.S. economic policy —just a lonely Mr Paul Volcker at the Federal Reserve struggling with the only lever available to him, the federal funds rate, to influence inflation, unamployment, the dollar and everything else economic.

In thia U.S. policy vacuum, the speed of decline of the dollar can be strongly influenced by European and Japanese economic policy.

The question Europeans should be asking ls not so mucb to adjust to a softening dollar, but how quickly a fall to encourage.

But even if all sides agree that a steady, responsible depreciation would be desirable, the question of bow fast—10 per cent a year in trade-weighted terms or perhaps 20 per cent? cannot be ducked.

The slower the dollar's decline, the longer the U.S. current account will remain baavily in the red and tha bigger the cumulativa oversaas debt ineurred.

Some American economists are pointing out that if a farily prompt and rapid readjustment of the dollar does not occur, the U.S. could run up a foreign debt running into trillions of dollars.

Since this would be mainly dollar-denominated, future American governments would have a strong temptation to inflate their way out of trouble. But this mlght feed into hlgher world inflation, more belt-tightening and yet higher unemployment.

Safer route

The unpopular answer to the initial question posed is therefore tbat if U.S. economic lnterests are taken into account, European governments sbould be wary of taking too mucb of the benefit of a weaker dollar in lower interest rates (and bigber growth) rather than in lower inflation.

This ls not to say that Europe should renounce all bopes of higher growth but that it should be wary of using interest rates as the mechanism.

A safer route, and one more consistent with a sustained dollar depreciation, would be moderate fiscal reflation in such low-inflation countries as West Germany.

Thus, the argument goes, in order to avoid grave adjustment problems in tbe late 1980s or early 1990s, European governments should now do what they can to ensure a speedy (but not uncontrolled) decline of tha dollar.

By improving the competitiveness of American industry and granting ravaged U.S. manufacturers earlier relief, this might also dam the flood of protectionist rbetoric on Capitol Hill.

But if a substantial depreciation of the U.S. exchange rate is the highest priority, then European governments should thlnk twice before reacting to dollar softness by cuttlng their lnterest rates. Thls could only inhiblt a further beneficial decline.

Soccer's crucial season

The urgent need to secure a stronger financial footing

By David Goodhart

ENGLISH professional soccer today rises uncertalnly from lts sick bed to faca the most challenging season in its 100-year history. The People's Game—like many of its most enthuslastic supporters — is on probation.

Even before the Bradford and Brussels tragedies at the end of last season, football was under a cloud, marred by violenca, falling gates and bankruptcy.

It has become the most visible expresslon of a wider social decay afflicting the major industrial cities and perbaps the wbola of British society.

The comforting images of solidarity and stoicism conjured up by the post-war footbal crowd were already a nostalgic memory wben the sourness and aggressive posturing of the new "dangerous classes" first became a feature of the game in the 1960s. About the same time, soccer as an industry began to lose its way.

Football club chairmen and officials protest that the professional game ls unjustly blamed for tribal soccer violence which bas far deeper roots.

They bave a point. But lnsofar aa their management failure has contributed to the deaertion of the family, to the ahabbiness, discomfort and lack of amenities in most grounds, they have helped provide a perfect breeding ground for violence.

The game now cries out for a radical restructuring. It is widely accepted at the very top of the League that there are too many fully professional clubs playing too mucb football in front of too few peopLe

In any other leisure industry it would be unthinkable that as the number of customers bas fallen by more than half from 41m in the 1948-49 season to 18m last year, the number of "outlets" (clubs) sbould remain almost static at 92.

But despite the rbetoric of the present reformers, football is not an industry like any other. It is part 92 competing cluba/companies and part co-operative society. The redistribution of the 4 per cent gate receipt levy represents a subsidy of the poorer clubs by the richer ones, as does the equal distribution of the millions of pounds of television money generated by a small number of the top clubs. (Tbis net cost of League membersbip to some of the hig clubs promotes constant murmurs of a breakaway of the top 8 to 10 clubs—but tbe threat is unlikely to be used as anything more than a bargaining counter.)

It may be ridiculous that there are two clubs ln Bristol, 17 ln London and 20 in Lancashire, all soaking up funds and fans that would be better concentrated on fewer deserving clubs—but they cannot simply be merged like commercial companies. Uneconomic football clubs are immersed ln even more tradition and sentiment than uneconomlc pits, and, unlika the miners, have consistently won over the bearts aod pockets of the wealthy.

The soundest analogy is probably with the peculiar economies of parts of Fleet Street. Tbe prestige and influence conferred upon the owner of a newspaper or football club ls such that hard-beaded businessmen still compete for the right to suspend their usual commercial judgments to enjoy some of the glory.

And just as regular prophecies of national newspaper closures have been proved wrong, so the football clubs have hung on by their bootstraps—somaone has always turned up. Accrington Stanley was the last club to close back in 1962.

Mr Robert Maxwell, fighter on both fronts as publisher of the Daily Mirror and chairman of Oxford United, bopefully believes: "Fleet Street has understood that the party's over and now football bas too."

Tha events at the end of last season—in particular the Bradford fire—will carry costs of about £20m. Thia includes lost income, from sponsors pulling out and improvements to ground safety—mainly to those clubs in the third and fourth divisions least able to bear them. On top of the accumulated debt of several years, that could trigger balf a dozen bankruptcies from which the clubs may no longer be rescued by local sugar daddies.

But on present form such a series of failures la unlikely to lead to the overdue voluntary sbake-out, like that undertaken by West German football in the early 1980s. That is because — again unlike any other lndustry — the clubs can *vote* against the judgment of the market.

Tbe constitution of the Football League, the oldest and largest organisation of its kind in the world, insists on a 75 per cent majority for any binding decision. Tha 44 clubs in the 1st and 2nd dlvisions each bave one vote and the other 48 clubs have eigbt votes between them.

So it only needs six votes from the 1st and 2nd divisions to side with the 3rd and 4th divisions to block any reform. As most reform proposals bave involved cutting the number of full-time professional club to about 60 reorganised ln three divisions with the remainder dropping into tbe semi-professional Alliance, Northern and Southern Premier Divisions, it is difficult to obtain the required majority.

Even with a more open two-way flow between the professional and the semi-professional leagues, most clubs in tha lower divisions will not vote themselves into what they would regard as oblivion. (Many of the non-league clubs are actually well run and economically viable.

But several of the smaller league clubs depend for survival on the near-£100,000-a-year band out from the League and believe they could not get by without

So bow aerious is football's financial plight and bow has it happened? Only six clubs failed to make a profit in 1947 but now only about six make a profit—led by Manchester Utd with £1.73m in 1984.

The problem is that the directors and shareholders of football clubs are interested in winning games not making money. And although in the long run, as Manchester United bas sbown, the two may nourisb each other (allowing that club incidentally to afford a hooligan-proof stadium) there is no reason why they should. Indeed, quite the opposite can be the case, with success—unless it is sustained—bringing only the extra costs of new signings and higher pay.

The real disaster for football is that the single-minded quest for success on the field has created a mountain of debt—especially for clubs in the bottom two divisions which hava bad no access to the rich pickings of sponsorship and European competitions. In 1982-83 total bank lending to the game stood at £37.3m—costing £5m in interest payments — compared with total lending of only £6m in 1972.

Last aeason, 46 clubs were trading with a negative net asset base and about 15 were probably technically insolvent. Several clubs have gone out of businesa and been reconstructed in recent years, including Bristol City, Bradford, Charlton and Wolverhampton.

Football does not constitute a big industry. Directly employing about 2,500 people and attracting gross revenua last season of about £130m, it is equivalent to a medium-sized public company. Halifax, with a turnover of £160,000, ls the size of a small garage—Manchester United, at the other end, turns over £6m.

> The single-minded quest for success on the field has created a mountain of debt

Clubs, on average, receive about two-thirds of income from gate receipts with the rest made up from a mixture of sponsorship and perimeter advertising bringing £8m nationally; about £11m from the Pools Promoters Association channelled through the League and the Football Trust; TV coveraga last season brought in £1.5m whicb turned into £25,000 a club; finally, lotteries, souvenir shops etc can be lucrative for some clubs.

It is widely assumed that the well-charted drift from the game prompted by changing social habits, television and, more recently, crowd trouble, is the root cause of the financial mess. But as the 1983 Chester report into football finances put it: "Nothing could be further from the truth." Gate receipts bave continued to rise in real terms—thanks to big price increases—with last year's taking from the League alone (excluding FA and Milk Cup) at about £50m.

Mr Cyril Townsend, tha clearing banks representativa on the Chester committee, says that the problem is "n ot abortage of income but the stupid way clubs have spent it." Since the long overdue raising of the maximum wage rule in the early 1960s, the wages of players and managers have spiralled and now represent about three-quarters of most club costs.

Transfer fees have also rocketed and although they bave fallen back a little, for 20 years managers have been given a virtually free hand to spend however mnch they wanted to secure success. This bas not been to the advantage of the lower divisions which spend more than they earn on transfers. The problem is illustrated by two recent examples. Sunderland—which bas just dropped to the second division — bas splasbed out about £500,000 over the next three years to attarct Mr Lawrie McMenemy as manager. Arsenal will carry a wages bill for this season of £1.5m, desplte a loss last year of £1.1m.

Another contribntion to the crisis was the belated modernisation of football's crumbling plant in the 1970s. About £50m was spent on renovation, bnt some of those new all-seater stands—such as that at Chelsea —proved far more expensive than planned and left the club in dire straits.

In the last few years some improvement has been evident. Management has started to take financial discipline more seriously, playing squads have been slimmed down, soma diversification in the use of grounds bas begun, and sponsorship (whlch keeps most other professional sports alive) has been belatedly exploited.

Among some bigger clubs a more secure future has looked assured. Tottenbam Hotspur blazed a trail to the stock market and have been picking up £600,000 a year from its executive boxes; Queens Park Rangers have toyed with the idea of following Tottenham to the market and in the meantime the club is letting out its stadium for boxing matches and evangelical gatharings.

The banks bavc also started to get tougher, although they are still reluctant to foreclose on a club (unlike the less sentimental Inland Revenue) for fea rof unpopularity. Lending has fallen to £32m.

Above all, the old men who run thc game have reluctantly come to accept that the public is not obliged to stand on the terraces getting wet on a Saturday afternoon wearing cloth caps and smoking Woodbine. Market research has been undertaken on whether people might like to watch football at a different time and some clubs arc even starting to advertise.

The danger is that thla tentative reform could simply be swamped by the post-Bradford and Brussels bills. The big clubs have littlc essential building work hut lose the money-spinning European games while the UEFA ban lasts, and some of their executive box income from the alcobol ban. In addition tbe unresolved wrangle over the number of live televised matches will cause some sponsors—such as Iveco at Watford—to withdraw.

But the effect of the new crisis will be to polarise the League further. Already over 50 per cent of spectators are concentrated in the First Division (giving it the third biggest top league average attendance behind Spain and Italy) while debts pile up in tha 2nd, 3rd and 4th. The Football Grounds Improvement Trust — which receives about £4m every year from the Pools Promotion Association and usually pays about 75 per cent of ground improvement bills—estimates that 3rd and 4th division clubs will need to find an extra £10m on top of grants to pay for the work designated by the Home Secretary.

Closed circuit TV—probably only needed in the higher divisions — will be paid for mainly by the Football Trust. But membership card schemes and Mr Justice Popplewell's recommendations of a ban on away fans could, if implemented, cost further millions.

The Government — normally frustrated by its lack of power in these matters—can by sitting on its hands force the bankruptcy of several clubs as a whip to structural reform.

The consequences would be arbitrary—with perhaps some well-run and supported small clubs going to the wall—providing a field day for the asset strippers (who have admittedly failed so far to lay their hands on the rotting grounds) and might not even lead to the shake-out needed.

Under the alternative strategy circulating in the football board rooms, the Government provides the League with a £10m interest-free loan for building work, agrees to take over the clubs' £3m annual policing bill and perhaps even return a little of the £250m it receives annually in pools tax and VAT (in line with the £20m racing receives back from betting tax).

The Government seems unlikely on principle to be attracted to such a deal. If it dld agree, however, it might be able—as a condition—to insist on the rational reorganisation of the League, thus acknowledging both the judgment of the market and the social role of many clubs.

Additional research by Walter Ellis

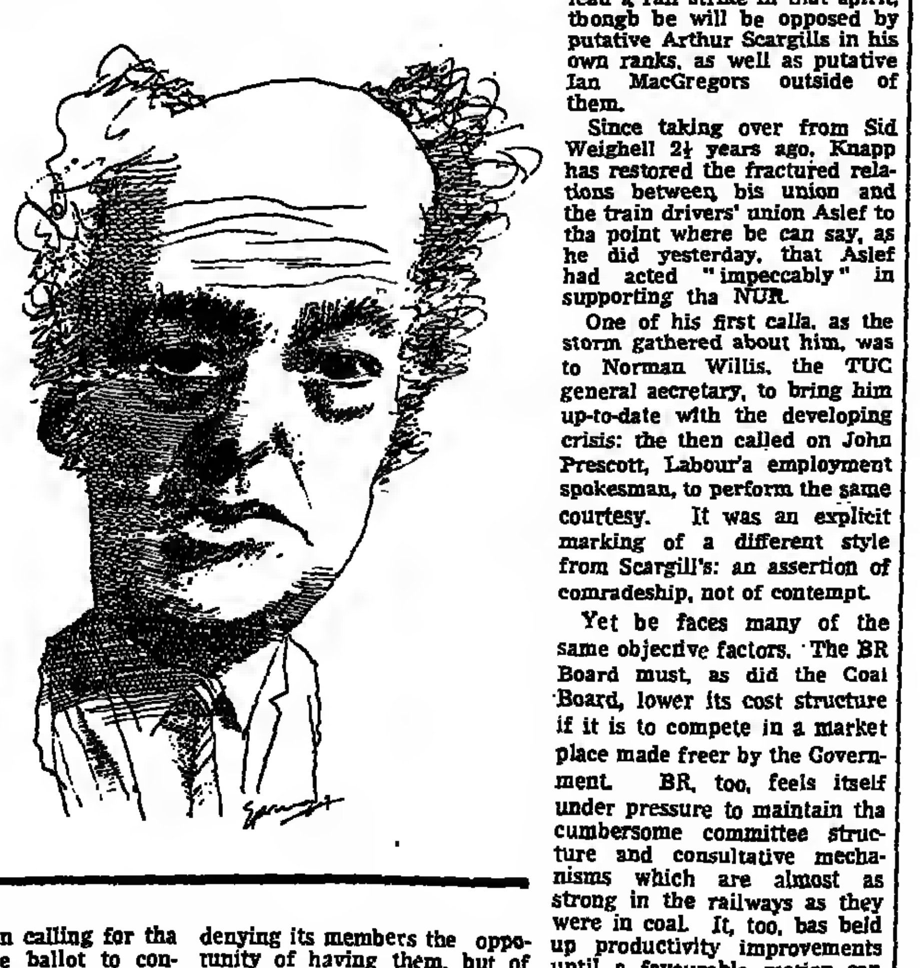
A new spirit of co-operation? A jersey exchange between goalkeepers at last week's FT Charity Shield match

Man in the News

Jimmy Knapp

Odds on to fight another day

By John Lloyd, Industrial Editor



THE NEXT great public aector strike in Britain — if it comes — will be commanded by a man whose difference from the leader of the last one is already manifest, and is of great importance to bis union, the railways and the country. Like Arthur Scargill, Jimmy Knapp is of the Left: he supported the mineworkers' president more than any other union leader during the 12-month strike: he said not a public word against him. Instead, he watched him closely and will act wholly differently.

Knapp, 45 next month and now being wincbed into place as the next Man you Ought to Hate (an "Ageing Bruiser" was how the Daily Express captured him earlier this week) is a gangling West Coast Scotsman of dignity and intelligence with a voice like a Glasgow Central loudspeaker and a tightrope beneath bis feet on which ba is attempting to balance.

He is walking it because he is trying to organise strike action which will bave the genuine and full-throated support of bis members: bacause he interprets his task as achieving a consensus for action, not as defining bimself, or his exectinve, as the fount of militancy and bludgaoning bis membership lnto following suit. Partly because of this Britisb Rail has had to up the ante: it cannot rely, as the Coal Board and the Government could, on vanguardist leadership conducting an unpopular putsch.

On Knapp's side is the feeling of railwaymen tbat their industry is now under great threat: that the dole queues are the only alternative to their present employment: that the BR board is spolling for a fight and they are not the men to refuse one.

Against him is the fear — expressed to him at branch meetings — that any Government whicb faced down the miners will back the Rail Board all the way; that the redundancies BR wisbes to make will be voluntary; that a strike will achieve nothing except a further sbrinkage in a declining market. Yesterday, BR was able to welcome decision by guardsin South Wales to accept driver-only trains: Knapp knows his members fears, and is not the man to dismiss them.

Of all the Left leaders ln the union movement, Knapp bas shown himself in the past year the moat publicly allive to the dangers and pitfalls of maintaining a simple rejectionist posture. At his union conference in June, he spoke against defiance of the 1984 Trade Union Act and succeeded in switching the vote: he argued strongly that the union must conduct ballots on strikes: yesterday, he pitted himself against the strong Far Laft on his executive in calling for tha wording of the ballot to conform with the Act.

He has three reasons fordoing so. First, a strike called by the NUR on the London Underground in May without the required ballot was largely ignored by his members. Second, his union is faced with the threat of legal action from any or all of the disaffected commuters who might suffer from a rail strike: already there are indications that legal action taken by BR customers might aucceed, finally, he believes the labour movement must respond to tha ballot challenge not by denying its members the opportunity of having them, but of setting them in the context of more rigbts for members. In this, his thinking is close to that of Mr Nail Kinnock, the Labour leader: at odds wit many on the Left.

In arguing this case, be draws on the traditions not so mucb of the Britisb, as of the Scottisb, labour movement: traditions whicb even now bave been relatively unaffected by the ultra-leftism which sees in every situation a general strike at least, if not a revolution, but rather wbicb seek to gain tbe broadest possibla alliance and aupport for any action before it is undertaken. If Mick McGahey bad lad the miners' strike he might bave bebaved ratber similarly: Knapp will attempt to lead a rail strike in that apirit, thongb be will be opposed by putative Arthur Scargills in his own ranks, as well as putative Ian MacGregors outside of them.

Since taking over from Sid Weighell 2½ years ago, Knapp has restored the fractured relations between bis union and the train drivers' union Aslef to tha point where be can say, as he did yesterday, that Aslef had acted "impeccably" in supporting tha NUR.

One of his first calla, as the storm gathered about him, was to Norman Willis, the TUC general aecretary, to bring him up-to-date with the developing crisis: the then called on John Prescott, Labour'a employment spokesman, to perform the same courtesy. It was an explicit marking of a different style from Scargill's: an assertion of comradeship, not of contempt.

Yet be faces many of the same objective factors. The BR Board must, as did the Coal Board, lower its cost structure if it is to compete in a market place made freer by the Government. BR, too, feels itself under pressure to maintain tha cumbersome committee structure and consultative mechanisms which are almost as strong in the railways as they were in coal. It, too, bas beld up productivity improvements until a favourabla motion can be alid through the union's conferences to allow it to proceed. It, too, wants to sbow it has bair on its managemant's chests.

Unlike Weighell, Knapp will work through structures as be finds them and when persuasion fails, will fall back on being what ha constitutionally is, a servant of his executive's will. That may, at times, narrow his options but it will not curtail his term of office or aplit his union: the odds on all aldes may be too high for Knapp now, but he will live to fight another day.

AFTER THE BOTHA SPEECH

Why the signals were misread

By Michael Holman in Johannesburg

WHEN Mr P. W. Botha sat down on Thursday night after delivering the most publicised and eagerly awaited speech in South African history, there came the realisation both at home and abroad that the address might prove, in time, a watershed different from the one anticipated.

Far from marking the start of faster and wider reforms to meet a rising tide of black anger which has turned into township violence and cost over 600 dead since September, Mr Botha adopted the traditional recourse of a National Party leader under pressure: Kragdadigheid. That is the word used by the Afrikaner community to which Mr Botha belongs and which still runs South Africa. It means the hard-fisted politics of power.

The message from Mr Botha, the eyes of the world upon him, was that violence in South Africa and pressure from western countries would be treated with defiance. Reform was coming, yes, but at Pretoria's own cautious pace.

The outside world, which had been hoping for a major policy statement on reform of apartheid, was very clearly disappointed. In Johannesburg the financial community spoke through the market and within hours of trading opening yesterday the rand fell 8 per cent against the U.S. dollar.

From black groups around the country came angry condemnation, led by Bishop Desmond Tutu, the country's most prominent anti-apartheid leader at liberty, who warned of impending catastrophe. The leading black moderate politician, Chief Gatsha Buthelezi, feared that Mr Botha did not have the courage of his apparent reformist convictions, and from moderate white politicians the assessment was equally gloomy.

Why did this important speech prove such a disappointment to so many different people?

The answer may lie in a combination of the nature of the ruling National Party and the state of uncertainty in a government under intense pressure. For his part Mr Pik Botha, the Foreign Minister, appears to have misled Western officials by moving far ahead of his party. In Western capitals the optimism about prospects for change has stemmed in part from the misreading of signals emerging from Pretoria, and of code words which South African politicians use when talking about apartheid.

To begin with the last point,

Mr Botha: adopted traditional recourse

When Mr Gerrit Viljoen, a senior cabinet minister (tipped as a possible successor to Mr Botha), told the South African Railways Women's Association this week that "drastic changes" lay ahead for the country's youth it need not necessarily have meant—as some observers believed—that major constitutional developments were afoot.

More probably he was warning the women that young Stoffel or Frikkie, their schoolleaver sons, would not in future be assured of a job, simply by virtue of their colour, on South African Railways, that traditional option for under-qualified whites.

This development would indeed have been seen as drastic by the women he was addressing.

But given that earlier in the week Mr Viljoen had told a National Party meeting in Pretoria that government "envisaged reform only within the framework of South Africa's diversity of people"—a coded phrase which underlines commitment to the basic principle of apartheid — it is very likely that Mr Viljoen was seriously misunderstood when he spoke of drastic changes.

Yet even allowing for such misunderstandings, it seems clear that the government did indeed backtrack from an original intention to turn the speech to a National Party provincial congress into a major event. As a furious editorial in the Johannesburg daily, Business Day, yesterday pointed out, there were deliberate leaks from Pretoria: "We did not pluck them out of thin air. Diplomats and foreign correspondents were similarly briefed."

As the leaks became world headlines, and speculation ranged from the release of detained African National Congress leader, Nelson Mandela, to the prospect of consultations with black leaders on a new constitutional direction, an end to the influx controls and pass laws, and an assertion of common South African citizenship, party hardliners became adamant.

They would have had several reasons. For a start, the Natal National Party carries little weight in Nationalist politics. It preceded similar gatherings in parts of the country where the real soul of the National Party lies — the Orange Free State, the Transvaal and the Cape. If big changes were going to come, these congresses had to be won over first.

Further, the prospect of change beyond that already outlined by President Botha earlier this year is worrying to a party which has seen the Afrikaner volk split over the merits of Mr Botha's cautious steps, including the introduction of a new constitution which provided a tricameral parliament for whites, coloureds (mixed race) and Indians — though excluding blacks.

Just what Mr Botha had in mind when the leaks began may never be known. But what is certain is that he faces a challenge to white authority unprecedented in the country's history. Several factors have combined over the past 12 to 18 months. The mood amongst black South Africans, particularly the young and unemployed, was deeply affected by both the introduction of the new constitution and the non-aggression pact between Mozambique and South Africa signed in March 1984. At the time this seemed a major setback to insurgents of the ANC which had used Mozambique as a staging post.

The new constitution confirmed blacks' belief that access to central government was impossible. The second made them realise, in the words of a leading resident of Soweto, Johannesburg's vast black township, that the ANC "would not be marching on Pretoria to liberate us."

However optimistic it may seem, the black community believes today that that once distant goal, a black government—or at least a government which gives blacks a proportionate share in decision making—is now in sight. For their part a growing number of whites—Mr Botha's defiance of Thursday night notwithstanding—have lost their confidence that they are destined to rule.

The irony is that the fundamental shift in perceptions owes much to Mr Botha himself. He has presided over changes to apartheid over the past three years—ranging from this year's lifting on the ban on inter racial sex to the acknowledgement that the black presence in white urban areas is permanent—which would make his predecessors turn in their graves.

Yet the measures have exacerbated, not eased black frustrations: Mr Botha has convinced most whites of the need for change to apartheid but has failed clearly to mark out where change is leading. South Africa's first reforming president may have unwittingly set in train events over which he ultimately has no control.

UK travel industry

Holiday drought eased by a wet summer

By Arthur Sandles

BRITAIN'S wet summer has sent holidaymakers scurrying abroad in search of the sun. But despite this late bonanza, which has been welcome jam, the rest of the season has produced very little bread.

Even the industry's greatest optimists are talking in terms of a total decline in British holiday-making abroad this year of around 5-10 per cent.

The only sourish note in the recent chorus of glee from Thomson and Intasun comes from some travel agents. They simply cannot get enough holidays to sell. "We are well ahead of last year at the same time," says Hogg Robinson. "We could be even further ahead if we had more holidays to sell."

But the tour operator year which roughly runs from September to September has been pretty turbulent. It started, at the end of a fairly successful 1984, with an expectation that 1985 would be sluggish. No one quite knew how the public was going to take the 20 per cent price increases that Spanish inflation had forced upon the holidays that form the backbone of the business. The larger companies nevertheless made overall increases in their capacities on the basis that even if the market did not increase in size very much, they could increase their own shares of it.

In the event, the main selling period of January and February proved to be a disaster. In February bookings were running well over 20 per cent down

Thomson Holidays

overall on the year before, or nearer 35 per cent in the case of Spain.

It was not long before some companies started to "consolidate."

Tour companies base their economics on filling aircraft—a company committed to, say, 100,000 seats would need to fill 90,000 of them to be profitable. What happens is that companies will kill off poor sellers and try to move passengers to other flights, so that each one leaves, as near as possible, full.

The two market leaders have, for different reasons, emerged relatively unscathed from the operation although thousands of people have still been caught up in their alterations.

Thomson, Britain's biggest tour company, came to the conclusion in the early spring that this was going to be a bad year and started pruning flights. That gave the company time to notify agents and clients and to reorganise in a reasonably leisurely way. But it also produced a run of trade rumours that Thomson was running scared from the boisterous Intasun and Mr Harry Goodman, its chirpy chairman.

Intasun itself, now No. 2 in the tour league, successfully negotiated a soft contract with the British Airways charter subsidiary British Airtours which gave the tour company much more flexibility in cancelling flights at the last minute. Intasun decided, to a large extent, to stick with its programme.

The once-mighty Horizon was caught in between. It neither consolidated early nor held on. Horizon has already appeared before the Association of British Travel Agents disciplinary committee for breaches of the code of conduct in relation to its treatment of passengers affected by the charges.

The two market leaders have emerged relatively unscathed

If industry sources are right, Thomson may not have grown very much this year and may even have shed total carryings, but probably not market share.

It will, however, have had high load factors relative to those of other tour companies, thus helping profits. Intasun, meanwhile, probably had lowish load factors in May, June and early July, but by adding extra flights to an already full programme in August it was able to scoop a windfall profit.

It will be some months before company figures show which strategy was most profitable—even then the mixture of tour operating figures with those of airline chartering and hotel interests make accurate analysis difficult.

The less fortunate companies may have come clean sooner.

By the end of September half of Britain's 500-plus tour companies have to present themselves to the Civil Aviation Authority in order to have their licences renewed for the coming year. When the other half came up for their renewals this April, more than 10 per cent of them faded from the scene, and for others it was a painful process of return visits and long interviews.

The CAA has had some rude shocks over the years, notably from Laker. While denying that it is tough on tour companies, it is certainly thorough. Not only does it want to see the "bond" which all tour companies have to put up to cover passenger problems if they cease trading, it also looks for a good capital base and evidence of enough strength to survive a bad year.

Another batch of operators, perhaps 20 or 30, will probably decide come September that enough is enough. But if, as seems the case, the major tour companies and some fast-growing smaller groups, like Sunmed and Grecian, are jointly increasing their share of a declining market, some of the minnows would be under more immediate pressure.

Early autumn is always a bad time in tour operating. The last of the peak season travellers have departed and final settlement has to be made with hotels. The new year used to be the time when companies could no longer hold off their creditors and had to give up. But suppliers are so nervous these days that they are likely to grow restive about their payment much more quickly.

To make matters worse for many smaller operators, the Intasun/Thomson war is hotting up. After seeing winter programmes, Thomson has not only cut its own prices, but guaranteed that there will be no surcharges either on the winter holidays or on holidays for next summer.

Medium-sized Rank Travel, which has Wings and OSL in its

Intasun

stable, also cut its prices but at the same time berated the majors for throwing away profitability in an "emotional" contest.

The great fear of the industry is that this battle will destabilise business. Companies are being encouraged to present ever glossier brochures at ever more attractive prices which, in the end, cannot be honoured in their entirety.

One travel agency survey earlier in the year suggested that 22 per cent of all tour bookings made between April and June had been changed by the tour companies. Major travel agents have been muttering about black-listing the worst offenders and the Consumers Association has been waxing loud about the problem. MPs have been dragged into the dispute in Scotland and the West Country since flights from Glasgow and Bristol have been particularly affected.

For the moment, however, the tour business is looking to the British weather with a grin.

Letters to the Editor

Buy-back rules

From Mr G. Pimlott

Sir,—I refer to the article entitled "Share buy-back rules eased" and a comment in the Lex column relating to share repurchases on August 14: neither of these gave publicity to the Stock Exchange's "sting in the tail."

While the percentage of shares which may be purchased in any 12 month period without the need for a tender or partial offer has been increased from 5 per cent to 14.9 per cent, the Stock Exchange has for the first time imposed a maximum price which a company may pay for its own shares in the market, regardless of any authority given to it by its shareholders under the law.

This price is "not more than 5 per cent above the average of the middle market quotations taken from the Stock Exchange (Daily) Official List for the 10 business days before the purchase is made." This is the formula which the Stock Exchange has required to be included in trust deeds to cover the redemption of debt securities.

But surely there is a difference between the volatility of the debt and the equity markets. A two weeks average for the purchasing of shares could restrict significantly the ability of a company to buy its shares back at a price acceptable both to it and to the seller. In a rising market the average seems likely to make it impossible for the company to pay a realistic price. Moreover, if the purpose is to limit abuse by denying the company the ability to purchase its shares at a premium greater than 5 per cent, this would not seem likely to be the case in a falling market, since under the formula the company could pay considerably more than 5 per cent over the then current market price.

There are all sorts of reasons why a company might wish to use the powers which its shareholders have given it to buy its own shares in the market without making a general offer to its shareholders. The purpose of the original 5 per cent limit and the application of Class 4 rules was to limit abuses. By increasing 5 per cent to 15 per cent the Stock Exchange appears to be accepting the legitimacy of the transaction but the effect of the formula (to which the same degree of publicity has not been given) seems likely to restrict rather than encourage its use.

Quite apart from the principle of when the Stock Exchange is, and when it is not, entitled to impose its own rules in place of shareholders' discretion and what sort of consultation should take place first, it would be more in line with the Stock Exchange's new role as regulator if it accompanied such changes with some explanation as to the rationale and the purpose behind their introduction.

Graham Pimlott.
21 Holborn Viaduct, EC1.

Detection of fraud

From Mr R. Floyd

Sir,—Your leading article (August 9) notes that the accountants' working party opposes the suggestion that a duty should be imposed on auditors to report suspected fraud. Many accountants and others, however, will welcome the suggestion that the investigation of possible criminal offences should transcend the narrower issue of client confidentiality.

Such a charge will be of no effect unless the resources available for investigating such reports are enhanced. Liquidators already have a duty to report suspected criminal offences under Section 632 of the Companies Act, 1985. The response to submissions made under this requirement indicates that the Director of Public Prosecutions are fully stretched and would need to be substantially enlarged, at public expense, to deal with the additional inquiries that would follow an obligation upon accountants and employers to report.

Richard E. Floyd.
Floyd Harris, 218, Strand, WC2.

Overfunding in gilts

From Mr P. Temperton

Sir,—Philip Stephens (August 13) commented that the Bank of England's part renewal of its sale and repurchase facility with the banking system "underlines once again the worsening muddle that the Bank and the Treasury have found themselves in as a result of the overfunding in the gilt-edged market." Although the operational difficulties associated with the technique of overfunding were clearly outlined in Mr Stephen's article, the more fundamental problems were not addressed. In particular, the impact which the Bank's operation have on interest rate differentials in the money market, on the possibilities for bill arbitrage and consequent distortion to the monetary data, were not discussed. This is surprising as Mr Stephens was writing shortly after the release of the latest monetary data which gave important information on this aspect of the matter.

Those data showed the increase in bank lending to the private sector during banking July as £1.5bn. The importance of the figure lies in the fact that banking July is three months after the period in which heavy "bill round tripping" is widely thought to have occurred. Bill round tripping is the process whereby a bill is drawn and accepted with the proceeds reinvested at the same maturity in the money market in order to produce a risk free return: the data for both bank lending to the private sector and sterling M3 are raised when this happens, but are reduced by the same amount when the bill matures. The technique of overfunding is widely thought to encourage such round tripping as it tends to raise the quantity of bills bought by the bank and depress bill rates relative to rates on other money market instruments.

Such round tripping—in three month bills—was commonly thought to have occurred to a large extent in banking April and, hence, unwound in banking July. No moderation of the pace of bank lending did, in fact, occur in July with the £1.5bn figure roughly in line with the average level of the preceding 12 months. Thus the data do not appear consistent with the occurrence of any unwinding of bill round tripping in July and do not support the view that the Bank's operations in the money market have led to wholesale distortion of the monetary data. Far from underlining the "worsening muddle" of monetary control, recent information actually serves to quell one major anxiety surrounding the technique of overfunding.

P. V. Temperton
Hoare Govett,
319-325 High Holborn, WC1.

Tax free perks

From Mr W. Wood

Sir,—I was interested in the continuing saga of tax-free perks. Mr E. R. Gillett (August 8) suggests, *inter alia*, the abolition of perks and pleads for "consistency of treatment": Mr S. R. Denby (August 13) also wants abolition presumably because he does not receive any benefits, whereas Mr J. C. Kent (also August 13) is in favour — he works for an airline and can take advantage of reduced travel costs.

In order to overcome this unfairness why not a new personal tax allowance for all taxpayers which would then be reduced by reference to a scale of points related to the various perks? The scale would be evaluated and published by the Inland Revenue and issued to employers with the tax tables. This would give the employee the choice between receiving the perk or the alternative tax allowances and, in addition, would afford equal benefits to those taxpayers not receiving perks.

It does follow that the Chancellor might have to make some adjustments to the existing tax scales but that again would meet Mr Gillett's pleas for consistency of treatment.

Existing arrangements for tax-free perks can attract the criticism that the employer is unable (or unwilling) to pay his employee the proper rate for the work be performs and therefore the rest of the community is compelled to make up the difference. Such a situation in a society of free-enterprise cannot be justified.

I suggest that Parliament should pass a law to prevent any company or organisation from operating a canteen of any description unless all the costs, including overheads, are recoverable in the charge for the service provided.

W. J. Wood.
6 Raven Court,
Westover Gardens,
Westbury-on-Trym, Bristol.

Work of equal value

From the National Women's Officer, Transport and General Workers Union

Sir,—The comments made by Mr Willie Wood of the PA Consulting Group (August 13) only serve to reinforce what a number of people have been saying for a long time — that there are many, many working women in this country who are not being paid the rate for the job.

Mr Wood generously agrees that the equal value regulations are laudable but goes on to show deep concern that successful claims will upset historic differentials and price women out of the job market.

Trade unionists have shown by their actions that they follow a different line of thought. Trade unionists are aware of the possible effects of successful equal value claims on negotiated pay structures but they are tackling this in a positive way. Historic differentials no doubt will be disturbed but so long as when this is done account is taken of the pay structure, gradings, etc, then the outcome can only mean a more fair system. It certainly cannot be right to continue to defend a system which has been shown to discriminate.

Mr Wood's thoughts on women pricing themselves out of the job market reveal a deep prejudice. Legally, a woman has as much entitlement to be considered for employment as does her male colleague. Mr Wood suggests that this will only continue if women come cheaper and if women wish to maintain a place in the labour market they should bear this in mind.

It might have escaped Mr Wood's notice but female unemployment has been growing in this country, and part-time female employment increasing for the last five years. This situation has come about as a result of the Government's policies on employment and, in particular, to its policies of women's access to employment and has got nothing to do with the introduction of the equal value regulations.

Margaret Prosser.
Transport House,
Smith Square, SW1.

The Britoil issue

From Mr R. Stokes

Sir,—The Britoil issue rightly favoured new-time small investors. Two aspects of the issue, however, give cause for concern: the size of the allotments and the arbitrary cut-off point of 1,400.

If share allotments are too small, investors are not encouraged to retain their holding. If an investment decision has been made to buy, say, 500 shares, (a) the investor is frustrated with 100 and promptly sells; (b) the investor does not wish to have to apply for 5,000 shares to get 500. Arbitrary cut-off points are the result of over-subscription and lead to uncertainty with future issues.

I wonder whether one aspect of recent wage negotiations could be helpful. I refer to pendulum arbitration, where the arbitrator settles either for the trade-union wage demand or for the employer's offer, but not for a sum in between. This encourages more realistic wage demands. Similarly, it should be possible to discourage extravagant share applications from investors if they know that they will get the number of shares they apply for, or none at all, if a ballot is needed and they are unlucky.

The great advantage, as I see it, is that investment could be sensibly planned. Investors have already come to terms with the uncertainty caused by ballots.

Robert Stokes.
The Stables, Dane End,
Ware, Herts.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	9.25	8.25	9.52 Seven-day account
			10.75 Higher interest account 90 days' notice or charge
			7.00/9.52/10.00/10.50 Cheque-Save
			11.00 High rate bondshare
Aid to Thrift	*10.20	—	— * Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00 BankSave. Balance of £2,500. Current account. Balance under £2,500, 9.00. *Minimum initial investment £500*
			10.00 Gold account. Minimum investment £500. Imm. wdl.
			11.00 Premier ½-yearly/mthly. min £1,000. Imm. wdl. (pen.)
Anglia	8.25	9.25	10.00 Instant gold. Annual int. No notice or penalty
			10.75 3-year bd. 90 days' not./pen. Differential 2.5 guaranteed
			11.00 Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	9.25	10.00	10.75 2-year term share—£1,000+—3 months' notice
			10.10 Special invest. (28 days' notice) 10.10 monthly inc. a/c
Bradford and Bingley	8.25	8.25	10.00 *No notice, no penalty. £1,000+*
			11.00 3 months' notice without penalty. £5,000+
Bristol and West	8.25	8.25	9.75 Plus account £1,000+. No notice. No penalty
			10.30 £20,000+. 10.10 £5,000+. 9.90 £1,000+ 7-day notice Triple Bonus. Also monthly income
			11.00 *Special 3-month account. £5,000+, 3 months' notice*
Britannia	8.25	9.25	10.80 90 days' notice
Cardiff	9.75	9.85	10.80 90 days' notice or penalty if balance under £10,000
Catholic	9.55	9.65	10.05 Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	9.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	8.25	9.25	11.10 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.25	10.75 Gold. No notice. No penalties. £20,000+. 10.75. £500-£19,999, 10.25. Under £500, 9.25
Citizens Regency	8.25	9.75	10.00 7 days, 10.00 1 month, 10.25 2 months, 10.85 3 months
City of London (The)	8.50	9.75	10.25 3 months' notice—no penalty—monthly income
			9.95 7 days' notice immed. access for amounts over £5,000
Coventry	8.25	8.50	11.10 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			10.75 Moneymaker £20,000+, 10.50 £5,000+, 10.25 £1,000+, instant access no penalty, monthly income option
Derbyshire	8.25	9.50	11.00 *2 years, 3 months' notice. 10.75 monthly income*
Frome Selwood	8.25	10.50	10.80 90-day account, instant access for balances over £10,000
Gateway	8.25	8.25	10.75 Gold star *£20,000+*. No notice. No penalties. 10.50 £5,000+ 10.03 £1,000+
Greenwich	8.25	—	10.00 60-day account (no notice account 9.60-10.00)
Guardian	8.50	—	10.85 *6 months' not. £1,000 min. Access to balance £10,000+*
Halifax	8.25	9.25	9.75 Instant Xtra. Immediate withdrawal no penalty
			10.75 90-day Xtra. 90 days' notice no penalty (£500 minimum)
			10.60 Premium Xtra (£10,000 min.) guaranteed 2.00 diff. 3 yrs.
Heart of England	8.25	9.50	11.00 and 10.75 High Interest. 10.00 90-day notice
Hemel Hempstead	8.25	9.75	11.00 *90 days. 10.25 60 days. 10.00 28 days*
Hendon	9.35	—	10.10 7-day account. Minimum £500
Hinckley and Rugby	8.25	11.56	10.80 1-year certain minimum £500 monthly income £5,000
Lambeth	8.40	9.50	9.90 7-day a/c. 10.85 Magnum a/c 6 weeks + loss of *interest*
Leamington Spa	8.35	—	10.60 Super share, no notice, 14 days' pen. £2,000 minimum
			11.10 Super share, no notice, 14 days' pen. £5,000 *minimum*
			11.40 Super share, no notice, 14 days' pen. £20,000 minimum
			10.50 *High flyer*, no notice, no penalty, £5,000 minimum
			10.75 *High flyer, no notice, no penalty, £20,000 minimum*
Leeds and Holbeck	9.25	10.00	11.00 Monthly interest, 10.25 28 days' notice, 10.80 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	9.25	9.25	10.25 HRAS 3 months' notice. 10.00 Liquid Gold no penalty, no notice
Leicester	8.25	8.25	9.60 £500+ *immediate withdrwl. no penalty, 10.75 £10,000+* minimum 1 year, 10.25 £2,000+ minimum 1 year
London Permanent	9.75	—	11.00 90 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	8.25	—	11.00 Prestige £500. 2.75 gtd. 3 yrs. 3 months' notice/penalty monthly income £1,000
Mornington	9.90	8.25	9.80 *£2K, 10.00 £2K, 10.10 £10K+, 10.25 £20K+*
National Counties	†8.55	9.80	10.85 53 days' notice, no penalty £10,000+. † £1,000
National and Provincial	8.25	9.25	10.75 APEX 3rd iss. (£2.50 gtd. 3 yrs.) 60 days' notice/pen.
			10.75 Special share 90 days' notice/penalty unless £10,000+
			10.25 Money man. £10,000+. No notice, no penalty
Nationwide	8.25	8.25	10.75 Capital bonds, 3 years, 90 days' notice/penalty
			Bonus-90 £10,000-£19,999, 90 days' notice/penalty
			Bonus-90 £200-£9,999, 90 days' notice/penalty
			Double bonus, minimum £500, no notice/penalty
Newcastle	8.25	8.50	10.75 Two-year term. 10.25 60 days' notice. 9.75 7 days' notice. On demand by arrangement
Northern Rock	8.25	9.50	10.75 Moneyspinner plus £20,000 or more, instant access
			10.25 Moneyspinner plus £10,000 or more, instant access
			10.00 *Moneyspinner plus £5,000 or more, instant access*
			9.75 Moneyspinner plus £500 or more, instant access
Norwich	8.25	8.50	9.80 7-day share/monthly income option 10.00 on £10,000+
Peckham	8.80	—	9.00/10.40 Immediate withdwl. if over £2,000. Monthly income
Peterborough	8.25	9.55	10.85 pa "85" shares—85 days' notice—monthly income
Portman	9.25	10.50	11.15 *Gold Seal. Min. £1,000. 1 yr. term then 3 months notice*
			10.25 Flexi-Plus. Minimum £500. No notice immediate wdl.
Portsmouth	8.40	9.90	11.20 5-year, 11.00 3 year, 10.85 90-day, 10.25 30-day
Property Owners	8.75	10.25	10.75 £10,000+, 10.55 3 months, 10.10 immediate access
Scarborough	8.25	9.50	10.45 Over 55s no penalties M.I. minimum £250—10.15
Skipton	8.25	9.50	10.80 *Sovereign £10,000+, 10.30 £500-£9,999* monthly. income 10.30 min. investment £2,500, instant access no penalty
Stroud	8.25	8.00	11.00 2-year term. Notice accounts 10.75 3 months, 10.25 1 month
Sussex County	8.25	9.70	9.50 7-day, 9.80 Sussex High, 10.75 90-day
Thrift	9.20	—	10.20 *3-year term. Other accounts available*
Town and Country	8.25	—	11.00 2-year term £10,000+, 10.75 £500-£9,999 withdrl. avail.
			10.75/7.00 Moneywise cheque/Visa. Int. varies with balance
			10.75 Super 60 ½-year interest £500, wdl. available, mth./inc.
Wessex	10.10	—	— No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75 Prime—*no notice, no penalty. minimum £500*
			9.75 Monthly income share, 28-days' notice
			10.75 Capital, 90 days' notice/penalty
Yorkshire	9.25	9.25	10.15 Gls. key. £10,000+ wdl. no pen. —£10,000 28 d. nt./pn. Plat. key. £10,000+ wdl. no pen. —£10,000 90 d. nt./pn.

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

TI goes on defence as Evered stake grows

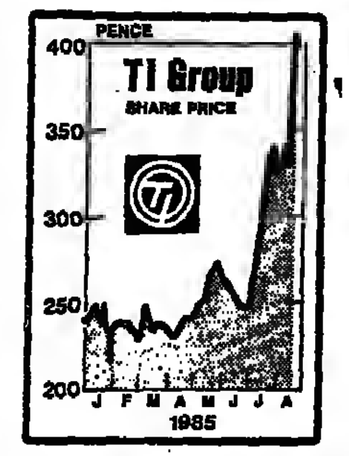
BY DAVID GOODHART

Evered Holdings, the Surrey-based engineering company, yesterday revealed a further significant increase in its holding the TI Group, the major UK engineering company, taking its total stake to 20.09 per cent.

Mr Rascbid Abdullab, Evered chairman, said last night: "We regard all our options as still being open. I think we have probably just strengthened our position." He added that "there is no timetable cast in stone: we are very open-minded."

Evered bought the latest additions to its stake in the market mainly on Thursday. The company holds only 14.37 per cent in its own right, but with concert parties the figure rises to 20.1 per cent—representing a total holding of 11.93m shares. In addition, merchant bankers Robert Fleming, holds 785,000, representing 1.32 per cent.

Mr Ronnie Utiger, chairman of TI, said that Evered now looked quite serious "either on their own or somebody's else's behalf," but he pointed out that with their stake passing 15 per cent they would, if they made a bid, have to make a cash alternative offer at the highest price they have bought in the market. "They can't make an offer full of very highly priced paper," he said.



TI shares have performed very strongly since Evered first announced its 11.6 per cent stake on July 18. Before that announcement they bad stood at 236p, last night they closed 9p down at 397p. Evered were up 7p at 260p.

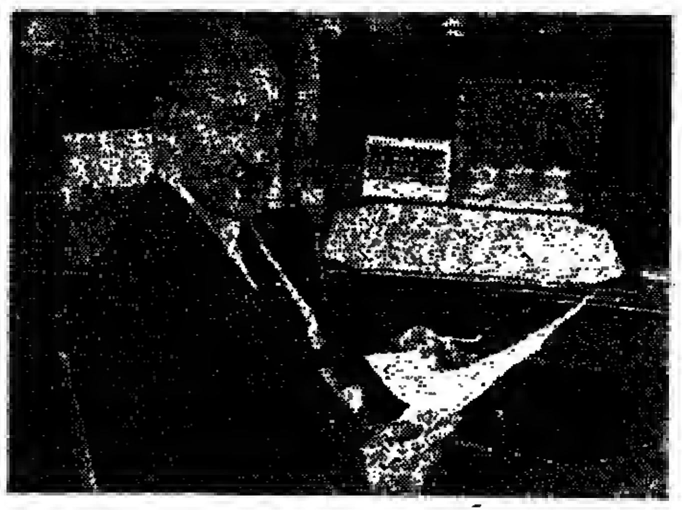
Mr Utiger said he was puzzled that Evered was rated so highly particularly as turning round the Brockhouse Group had involved "very substantial write-offs." He also accused Evered of "vaulting ambition" stressing that "BTR and Hanson Trust never attempted to make a jump of this magnitude."

Evered now has an annual turnover of £90m and is expecting pre-tax profits of about £6.25m. TI's half-yearly turnover to June 30 1985 stood at £502.6m with profits of £12.6m. But while TI is more than 10 times larger than Evered in terms of turnover and employees its market capitalisation is less than three times bigger at £236m. Evered stands at £95m.

Mr Abdullah said there were three options now in front of the company. The first option is to go for a full bid. "If that was to fail there would be no problem placing the shares," he added.

The second option is to sell the whole stake as an acquisition springboard to another interested party. And the third possibility is to reach agreement with TI to cancel the shareholding in exchange for part of the asset base.

However, Mr Abdullah said that he thought it unlikely that TI would agree to such a plan or that he would be interested in breaking up the company.



Mr Ronnie Utiger, chairman of TI, yesterday accused Evered of vaulting ambition. "BTR and Hanson Trust never attempted to make a jump of this magnitude"

The full list of companies acting in concert with Evered are: Elkhereiji Trading and Electronic Company of Saudi Arabia; Saudi Investment, a Jeddah-based construction company with a 5 per cent stake in Evered; ZI and I, registered in the Cayman Islands which owns 8 per cent of Evered and Oceanside Investments and Van Mar of Jersey. In addition there are three companies with Geneva addresses: Harristown Holdings, Northern Investments and Seattle Investments.

See Lex

Higher loss for Cifer but order trend good

INCLUDING an exceptional stock write down of £468,000 and much higher interest charges, Cifer, the USM quoted manufacturer of computer terminals and microcomputers, suffered higher losses of £1.71m pre-tax, for the 28 weeks ended April 13 1985, compared with £1m. Turnover was little changed at £3.65m (£3.64m).

The directors say the comparatives were restated to exclude results of Citronic, a subsidiary sold in August 1984.

As indicated previously, the company had been trading at a loss for the substantial part of the first half until the rationalisation programme could be put into operation last March, the directors state.

Losses on trading have been compounded by costs of this programme and further provisions against the value of inventories, which has arisen from a review of the company's inventories on both quantities and valuation.

The directors point out that since the rationalisation programme started, costs have been considerably reduced and positive effects on trading results are beginning to be seen.

They add that in the four weeks to July 7, the company has traded at a small profit, after charges for interest, depreciation, and rationalisation costs, which total some £115,000.

The trends of orders, margins and prospects for Cifer's products are good, the directors say.

They add that the programme continues to have the support of Lloyds Bank and Investors in Industry, and that the evidence of the effort being put into the return to profitability will be clear to shareholders over the next 18 months.

Interest charges for the 28 weeks came to £248,000, compared with £78,000. There was no tax (£230,000 credit), extraordinary items credited £57,000 (nil) while rationalisation costs amounted to £322,000 (nil)—a further cost of £153,000 is estimated for the second half of the year.

The extraordinary item comprised the settlement of compensation to a former directory.

Losses per share is shown as 10.96p, against 4.97p.

● comment

The figures are only a little worse than expected: the write-down on stocks of components bought in anticipation of a boom that never happened came as an unwelcome extra. Cifer was a manufacturer of customised computer terminals which thought it saw a good growth opportunity through extending itself into mass production of terminals and microcomputers. Like so many others it got its fingers burnt and it has now retreated to its traditional business. This may offer a fairly unexciting growth path but at least it is potentially profitable: indeed, Cifer already appears to have succeeded in cutting overheads to the point where it is clearing a small profit in spite of rationalisation costs. These little profits will not, however, grow into big ones until the interest costs have been cut, and the interest costs are not going to be cut until a restructuring has been arranged. All eyes are on Lloyds Bank and 3i: meanwhile, the shares are stuck at 11p.

Howard Machinery in three stage plan to stop receiver

BY FRANK KANE

Howard Machinery, the deeply troubled agricultural machinery concern, has announced a three-stage plan which it hopes will save it from receivership.

Under the scheme, Howard intends to complete the £2.55m disposal of its European subsidiaries to T-T Agro Denmark, sell its interests in the U.S., and convert the rest of its debt into share capital by the issue of shares to its main creditors.

These comprise a consortium of UK, U.S. and Australian banks, the Export Credit Guarantee Department, and the Commonwealth Development Finance Company. Together they are currently owed a total of around £4.5m.

The board, which unanimously recommends the proposals, says that the only real alternative to their acceptance is the early receivership of the company, "in which event is is unlikely that realisations would be sufficient to allow for any return to shareholders."

The sale of Howard's European assets was announced last month, but £300,000 of the total price was dependent upon an internal audit by the purchasers. Mr Nigel Dunnett, group finance director, was confident yesterday that the full price would be realised.

In the U.S., Howard is negotiating for the sale of all its interests. The statement continues: "It is now apparent that the net asset value (of the company) is less than one half its called-up share capital."

Assuming the disposal plan goes through, group net asset value would total £600,000 against called-up share capital of £7.5m.

If this disposal programme is successful, the banking consortium and ECGD would consider writing off sufficient debt to allow Howard to continue as a public company. Howard estimates minimum net asset value at £600,000 in order to survive, but the banking consortium reserves its right to determine the extent of any write-offs until after the disposals are complete.

The document states that CDFC is also "broadly sympathetic" to the Howard plan and will give "sympathetic consideration" to it in respect of its outstanding unsecured loan of £680,000. CDFC may accept a cash payment of £170,000 and a conversion of the balance into medium term convertible debt or shares in Howard.

In return for any write-off by creditors, Howard may need to offer them ordinary and/or preference shares. Under one plan, sanctioned by the Howard board but subject to shareholders' approval, creditors would be left holding 8.5m ordinary shares worth £2.13m and representing 22 per cent of the enlarged group.

Assuming that the sale to T-T Agro becomes unconditional and negotiations are successfully completed with the group's creditors, Howard intends to search for other businesses, "though not necessarily in the field of agricultural products," and recognises that there will have to be board and management changes in the event of survival.

In addition to the rescue plan, the extraordinary meeting called for September 2 will be asked to approve a change of name to HM Holdings.

The group's shares were suspended in June at 7p.

Chairman of Epicure steps down

By Charles Batchelor

MR REG BREARLEY, chairman and chief executive of Epicure Holdings, the hard-pressed construction services, hotels and property group, has stepped down to make way for Mr Hakan Hammerqvist, head of Kurdia, the Swedish steel finisher which Epicure bought in June.

The decision to call in Mr Hammerqvist, who has been a director of Epicure since the Kurdia take-over, was taken to reflect the change in direction at Epicure, said Mr Malcolm Callow, finance director.

Mr Bearley will remain as consultant on the construction side and will be paid £25,000 compensation.

Mr Bearley took control in 1978 and converted it from a chain of restaurants and hotels into a company devoted largely to construction. He retains a 23 per cent shareholding.

Installatiebouw, the privately-owned Dutch construction group which took a 29.9 per cent stake in Epicure in August, introduced Epicure to Kurdia. Epicure bought Kurdia for £914,000 cash and 4m shares.

Higher value placed on Saxon

Enterprise Oil, the former offshore oil-producing arm of British Gas, is maintaining the pressure on Saxon Oil, the independent oil company, by making a revised bid proposal.

Enterprise made a surprise intervention late last Monday into the proposed merger between Saxon and Charterhouse Petroleum, another independent oil producer, by revealing it planned to make a £117m cash bid for Saxon.

Saxon rejected the approach, which was at an indicated price of not less than 525p cash per share, on the grounds it was inadequate and had much less strategic value than the planned merger with Charterhouse.

Enterprise said yesterday a revised proposal had been made subject to it being recommended by the Saxon board but gave no details.

Saxon is considering the proposal

The new offer is understood to comprise an improvement in the cash bid and the addition of a share or loan note alternative.

Enterprise is seeking the Saxon board's agreement because it is anxious that it should not be seen as being a predator. With a staff of 80 at Enterprise and 30 at Saxon, Enterprise views its offer as an invitation to form a combination of the two companies.

Charterhouse has strongly criticised the Enterprise approach, which was revealed only hours before the first closing date on the Saxon-Charterhouse merger.

Saxon's shares rose a further 85p yesterday to 510p, while Enterprise was unchanged at 180p. Charterhouse firmed 4p to 86p.

Wagon Finance has record half

IN SPITE of substantially higher interest charges—up from £3.72m to £4.89m—the Wagon Finance Corporation increased its pre-tax profits from £1.36m to a record £1.42m in the six months to June 30 1985. Turnover rose from £11.39m to £11.62m.

Mr J. Chopping, the chairman, says the high interest rates reflect the cost of the company's borrowings. Wagon increased its own charges to customers in February, but no adjustment was possible to compensate it for the increased cost of funding its existing portfolio.

Primarily, he adds, the profit increase was due to an increase in new business financed during the period compared with the same period of 1984, coupled with containment of overheads. He says there had been an improvement in its arrears and bad debt experience. Obviously the settlement of the miners' dispute helped in this direction.

Unaudited accounts at June 30 show record gross instalment credit balances amounting to £109.5m after allowing for provisions for bad and doubtful debts. This compares with £102.6m at the end of 1984. Unearned finance charges, the chief beneficiary of the increase in the company's own charges, exceeded £20m for the first time, and stood at £20.5m at the end of June compared with £18.3m at the end of 1984.

The interim dividend is raised from 0.875p to 1p net—last year a total of 3.375p was paid from pre-tax profits of £3.37m. Stated earnings per 25p share improved from 3.12p to 3.57p.

After tax of £575,823 (£620,000) and dividends of £236,507 (£206,943), retained profits were up from £530,075 to £607,039.

GKN sells hardware division

By Lisa Wood

Guest, Keen and Nettlefolds, the UK engineering group, is to sell its GKN hardware distribution division (HDD) to Charlton Industries, a private company which has common shareholders with Decco, a national cash and carry hardware distributors.

No price has been disclosed for the deal but it is understood that HDD, with annual sales of more than £35m in the UK, has been sold at less than its assets are worth which are around £12m.

GKN said the sale was part of its policy of divesting itself of businesses not closely related to its main stream portfolio. A spokesman said: "Our interests in distribution are those with an international element, as in our auto-parts activities."

The hardware distribution business in the UK is highly fragmented and over-capacity has been exacerbated recently with the emergence of large DIY stores which have not used traditional distribution networks. It is understood that HDD broke even last year.

Charlton, which is based in Manchester, with 17 cash and carry locations, intends to rationalise its locations with the acquisition. HDD, with headquarters in Middlesex, distributes hardware, garden equipment, ironmongery and DIY products to the retail trade.

London Trust's enhanced final

As the new investment policy at London Trust will mean that future dividends, if any, will be very low, shareholders are receiving an enhanced final payment for the year ended March 31, 1985. It is 3p to lift the net total from 2.75p to 4.25p and drawings against reserves have been made to meet it.

Since March 31 profound changes have taken place within the company and a new investment policy aimed at growth has been approved by shareholders. Investments will be made through the medium of an investment partnership between the company and Hambrecht & Quist Venture Partners.

The objective of these changes is to convert the company into one specialising in investment in the U.S. venture capital market. A satisfactory start has already been made in liquidating the existing investments.

At March 31 1985 the net asset value per share was shown at 107p, compared with 114.5p a year earlier. These are based on the investments at that date valued on a basis consistent with previous valuations.

Due to a lack of ready marketability of a significant part of the portfolio, the net proceeds from the proposed early realisation of these investments under the new investment policy adopted in June may be materially different from the end-March valuation.

Gross revenue for 1984-85 came to £9.8m, against £9.6m, and the net figure was £2.34m (£2.78m) after tax £2.3m (£1.5m). Earnings are shown at 2.5p (2.98p).

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Aug 16 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur Aug 15 Index No.	Wed Aug 14 Index No.	Tue Aug 13 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	528.14	-0.3	10.71	4.20	11.75	10.52	529.92	523.22	517.04	501.39	577.15	22/1	483.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	557.85	+2.0	11.90	4.75	10.33	11.92	547.00	536.08	532.64	456.91	557.85	16/8	472.11	26/2	557.85	16/8/85	44.27	11/12/74
3	Contracting, Construction (29)	837.04	+1.0	11.91	4.94	10.83	17.54	828.84	817.37	815.77	674.10	837.04	16/8	684.17	8/3	837.04	16/8/85	71.48	2/12/74
4	Electricals (14)	1383.55	+0.4	11.56	5.34	10.97	33.14	1377.55	1361.97	1347.72	1561.85	1701.64	22/1	1289.36	10/7	1709.55	3/6/83	84.71	25/6/62
5	Electronics (38)	1436.88	-1.8	10.56	3.14	12.47	27.30	1463.90	1448.98	1434.51	1787.31	1977.60	9/1	1260.78	3/7	2049.85	13/11/84	1260.78	3/7/85
6	Mechanical Engineering (62)	288.88	+0.2	11.26	4.83	10.84	6.15	288.28	284.16	280.77	248.11	316.14	13/5	263.85	25/7	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	200.72	-0.4	12.49	7.83	10.07	4.13	201.44	201.21	200.69	184.93	282.50	5/6	165.88	14/1	289.74	13/3/84	49.65	6/1/75
9	Motors (16)	164.64	+1.3	13.48	5.17	9.17	3.55	162.53	159.37	157.55	121.40	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (18)	933.61	-1.5	7.48	3.59	16.18	15.81	948.31	948.99	917.16	676.87	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (176)	672.41	-0.2	9.52	3.89	13.09	12.36	673.70	668.79	666.37	514.39	683.36	5/6	604.96	3/1	683.36	5/6/85	61.41	13/12/74
22	Brewers and Distillers (24)	652.58	+0.9	10.84	4.46	11.67	13.81	646.85	636.90	631.60	513.62	652.58	16/8	550.86	3/1	652.58	16/8/85	69.47	13/12/74
25	Food Manufacturing (21)	485.86	+0.2	12.21	5.01	10.52	13.09	484.92	485.43	486.26	393.95	513.86	12/3	471.62	25/7	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1604.87	+0.3	5.72	2.60	23.24	16.93	1599.66	1593.74	1602.45	1198.00	1662.78	5/6	1400.36	1/3	1662.78	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1059.85	-0.5	6.39	2.80	18.38	11.95	1066.17	1068.56	1063.79	867.04	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	658.57	—	8.57	4.98	15.28	20.79	658.26	651.42	649.48	582.61	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1788.10	-0.1	8.60	4.34	14.96	37.91	1789.47	1788.25	1769.94	1308.62	1825.11	5/6	1445.15	3/1	1825.11	5/6/85	55.08	6/1/75
33	Packaging and Paper (14)	363.37	+0.3	9.75	4.07	12.17	6.20	362.32	357.11	354.51	245.64	363.37	16/8	286.36	3/1	363.37	16/8/85	43.46	6/1/75
34	Stores (41)	680.28	-0.8	7.35	3.12	16.52	9.53	685.36	675.26	670.52	434.11	685.36	15/8	529.47	19/2	685.36	15/8/85	52.63	6/1/75
35	Textiles (16)	321.70	+0.3	13.58	5.10	8.35	7.97	320.77	319.26	321.35	264.81	341.97	11/3	295.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	786.50	-1.9	18.78	5.47	6.03	18.71	801.52	797.33	794.49	698.42	1010.69	8/2	767.49	25/7	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	682.09	+0.6	9.33	4.15	13.86	14.13	678.15	673.57	670.22	452.52	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	662.68	-0.5	14.81	5.71	8.93	24.95	666.26	666.55	662.92	597.72	832.26	22/2	657.14	25/7	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	202.97	-0.7	7.87	4.33	15.15	3.64	204.40	203.01	199.94	135.29	204.40	15/8	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1173.25	+0.3	8.16	4.44	15.22	25.71	1169.91	1154.39	1159.07	859.77	1201.81	23/5	958.08	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (64)	837.56	+0.9	7.61	3.80	16.00	14.06	830.27	817.96	816.24	630.13	899.77	3/6	787.88	26/7	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	889.90	+1.0	8.35	3.65	15.97	14.38	881.08	877.87	871.46	0.0	932.01	15/5	701.92	3/1	932.01	15/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	644.59	—	9.76	4.03	12.92	12.50	644.75	639.26	635.42	506.21	666.95	4/6	599.75	3/1	666.95	4/6/85	59.81	13/12/74
51	Oils (17)	1133.12	—	16.51	7.41	7.45	39.47	1133.79	1132.12	1131.43	1046.96	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	685.75	—	10.63	4.47	11.80	14.68	685.96	680.74	677.13	551.49	707.87	5/6	636.98	3/1	707.87	5/6/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	486.91	-0.4	—	4.92	—	12.39	488.71	483.93	480.74	381.85	488.71	15/8	430.18	4/1	488.71	15/8/85	55.88	13/12/74
62	Banks (6)	481.70	-0.6	18.61	6.15	7.68	19.80	484.39	476.45	477.43	353.92	508.51	8/7	420.58	15/4	508.51	8/7/85	62.44	12/12/74
65	Insurance (Life) (9)	770.58	+0.4	—	4.21	—	14.71	767.39	762.22	754.68	534.67	770.78	11/6	588.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	379.03	-1.4	—	5.18	—	8.53	384.33	384.32	374.68	276.13	384.33	15/8	303.16	25/2	384.33	15/8/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1112.13	-0.2	8.44	3.73	15.84	21.02	1114.89	1092.62	1097.48	825.26	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	230.30	—	—	4.83	—	4.92	230.30	228.42	226.95	203.99	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	662.79	-0.3	5.62	3.58	23.89	9.88	664.94	656.53	654.12	586.66	664.94	15/8	585.78	10/7	664.94	15/8/85	56.01	20/4/65
70	Other Financial (25)	273.72	+0.4	10.33	5.96	11.81	8.14	272.75	271.84	271.19	250.46	296.92	6/2	261.32	26/7	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	584.80	+0.2	—	3.82	—	10.05	583.61	581.67	579.72	507.91	635.62	7/3	557.78	31/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	250.08	-0.9	12.98	6.13	8.94	5.36	252.38	258.33	255.81	280.99	311.08	15/4	240.28	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	595.71	-0.1	12.62	6.68	9.50	23.86	596.59	596.91	602.45	560.42	687.15	22/1	595.71	16/8	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (730)	628.80	-0.1	—	4.55	—	13.81	628.53	623.70	620.62	508.65	644.21	5/6	581.80	3/1	644.21	5/6/85	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Aug 15	Aug 14	Aug 13	Aug 12	Aug 9	Year ago								
1	FT-SE 100 SHARE INDEX	1299.1	-3.1	1301.8	1298.2	1302.2	1293.1	1285.1	1288.1	1286.3	1078.0	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Aug 16	Day's change %	Thu Aug 15	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.57	+0.15	119.46	0.24	7.08
2	5-15 years	133.08	+0.15	133.20	0.27	8.70
3	Over 15 years	138.47	+0.09	138.34	—	8.49
4	Irredeemables	152.77	—	152.77	—	7.27
5	All stocks	130.96	+0.11	130.83	0.22	8.16
6	Debentures & Loans	112.73	+0.14	112.57	—	6.91
7	Preference	79.53	-0.10	79.62	—	4.68
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.78	-0.10	111.89	—	2.00

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 16	Thur Aug 15	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	9.93	10.00	11.07	11.56	28/1	9.94	29/7
2	Coupons	15 years	10.24	10.15	10.67	11.20	28/1	10.08	29/7
3		25 years	10.15	10.15	10.24	10.72	29/1	10.03	2/1
4	Medium	5 years	10.70	10.76	11.72	12.99	28/1	10.74	30/7
5	Coupons	15 years	10.51	10.51	11.09	11.65	28/1	10.42	29/7
6		25 years	10.34	10.34	10.45	10.97	28/1	10.25	29/7
7	High	5 years	10.80	10.81	11.73	13.05	28/1	10.80	16/8
8	Coupons	15 years	10.66	10.66	11.27	11.76	28/1	10.57	29/7
9		25 years	10.27	10.26	10.55	11.09	28/1	10.09	29/7
10	Irredeemables†		9.96	9.95	10.15	10.49	28/1	9.89	12/7
11	Debs &	5 years	11.51	11.58	12.44	12.63	29/1	11.35	30/7
12	Loans	15 years	11.37	11.41	12.27	12.64	29/1	11.28	30/7
13		25 years	11.23	11.24	12.14	12.57	29/1	11.18	30/7
14	Preference		12.39	12.32	13.07	13.14	29/1	12.28	9/8
15	Inflation rate	5%	3.54	3.57	3.73	3.72	16/7	3.11	11/3
16	Inflation rate	10%	3.33	3.39	3.55	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

Bell warns shareholders of price fall

Guinness yesterday wrote to Arthur Bell shareholders reminding them that its final offer for Bell closes next Friday at 3 pm.

"If our bid is withdrawn on Friday August 23 we believe the value of your Bell's shares will suffer an immediate and substantial drop," said Guinness in the letter.

It is understood that Guinness, which owns 12.97 per cent of Bell did not buy any Bell's shares yesterday. The company has a further 5.35m of Bell's pledged in acceptances to its original offer.

Earlier this week the brokers to Guinness acquired some 4.9 per cent of Bell's shares owned by the Kuwait Investment Office. A complaint was made by Bell to the Take-Over Panel.

It said yesterday "Those shares were acquired by institutions which were not discretionary clients of the brokers in question. The brokers were not acting in concert with Guinness and therefore there is no problem under the Take-over Code. The institutions involved wanted shares for good commercial reasons."

Two Hunter Saphir directors to leave

Two directors are to leave Hunter Saphir, the fresh produce distribution group which saw its profits fall in its first years as a USM-quoted company.

Mr Anthony Wilson, managing director, is to leave by mutual agreement in February 1986 and Mr David Mollison, finance director, will also leave in the near future.

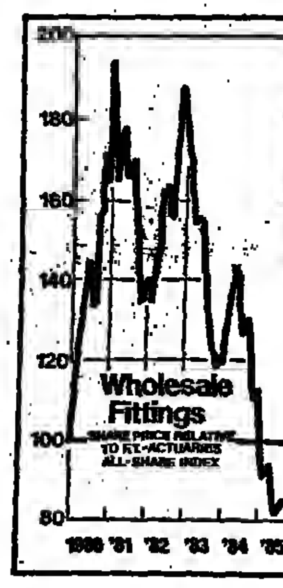
The adverse winter and a sharp decline of sterling against the dollar pushed profits down to £1.17m in the year ended February 1985 from £1.52m the year before. The company is an important supplier to Marks & Spencer and J. Sainsbury.

Pifco down to £1.4m

PIFCO HOLDINGS, electrical appliances concern, reports lower taxable profits for the year ended April 30, 1985, of £1.4m, against £1.55m. The final dividend is unchanged at 3.52p leaving the total the same at 5.28p.

Wholesale Fittings profit unchanged but payment up

VIRTUALLY UNCHANGED taxable profits of £4.92m, against £4.95m, are revealed by electrical distributor, Wholesale Fittings, for the year ended April 26 1985, but the dividend is lifted from 6p to 6.7p net per share with a final payment of 5p.



At halfway, profits amounted to £2.11m, compared with £2.14m.

Turnover for the 12 months expanded from £33.24m to £35.75m and directors say that there is a satisfactory increase for the first three months of the current year.

The company's liquidity remains very strong and that the long-term future is viewed with confidence.

Profits for the period included interest receivable, up from £512,000 to £641,000, but were subject to tax of £2.13m, against £2.28m. Earnings per share are given as 20p, compared with 19.1p.

The directors say a depot has been opened at Ashford, Kent, since the end of the year and a further depot is scheduled for opening in October. This will bring the total number of outlets to 26.

On a current cost basis, pretax profit is reduced to £4.1m (£3.9m) and earnings per share to 14.1p (11.6p).

● comment

Having collapsed on the interim results, the shares of Wholesale Fittings were priced in anticipation of some dull 1984-85 figures and yesterday's announcement certainly fitted the bill. There are, however, a couple of good reasons for the slip in operating margins. Having spent £1.8m on the freehold of its Dagenham HQ the year's profits are struck after an additional £200,000 expenditure on repairs and refurbishing. Also the level of stock profits has fallen again by over £100,000 and they now equal less than 1½ per cent of sales compared to almost 5 per cent a few years ago. The shares held unchanged yesterday at 240p but perhaps the market missed the message in the chairman's remarks about the current year. WF is seeing an upturn in volume as it gains market share with the help of its geographical expansion. The new Birmingham outlet might initially be a drag on profits but the pre-tax line might reach to £5.7m dropping the p/e to under 10 which is on the low side for a company with so few blemishes on its record and £5m in the bank.

Craton Lodge scales down forecast after delays

BY FRANK KANE

Craton Lodge and Knight Group, the USM quoted product development agency, has scaled down its profit expectations, and now says that the year to September will show little change over the £484,000 pre-tax profit last time.

Mr David Craton, the chairman, explained yesterday he had been looking for as much as £600,000, but that delays in the starting dates of a number of major assignments, and reorganisation within client companies, had led to a shortfall in revenue, especially in July.

The revised profit estimate follows a first-half downturn, from £223,000 to £130,000, caused in part by the Unilever takeover of Brooke Bond, one of Craton's main clients. The second half will see reduced activity from other major clients.

However, Mr Craton was still optimistic about the long-term prospects. He pointed to the growth in new inquiries, half of which on past experience came through as firm appointments. He was also encouraged by the greater spread of the group's clients, reducing its overreliance on major customers.

New clients include Fisons, ICI, Irish Distillers and the Beefeater gin label. This new business, plus expansion in Saudi Arabia and Denmark, made the chairman confident for 1985-86, when the objective was for profits in the £650,000-£700,000 range.

Earnings per share for the current year are expected to be unchanged at around 4.5p, covering a total dividend of 1.75p at a cost of £100,000. The directors of the company hold 75 per cent of the equity—there are no waivers of dividend entitlement.

Craton Lodge came to the unlisted market last October on a high earnings ratio of 25.7. On last night's closing price of 110p, down 8p on the day and 5p adrift of the issue price, the prospective p/e for the year falls to 24.4.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
T. Clarke	int	0.7	—	0.7	—	2.31
Foreign & Colonial	int	0.48	Oct 1	0.44	—	1.28
Gibbs Mew		1.46‡	Oct 1	1.46	2.56	2.56
Pifco		3.52	—	3.52	5.28	5.28
L. D. & S. Rivlin		0.1	—	0.1	0.1	0.1
Wagon Finance	int	1	Oct 4	0.88	—	3.38
Wholesale Fittings		5	Oct 18	4.47	6.7	6

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

INTERNATIONAL COMPANIES and FINANCE

Armco in $415m aerospace sale

BY TERRY DODSWORTH IN NEW YORK

ARMCO, the beleaguered U.S. steel company, took a major step forward on its divestment programme yesterday with the sale of its aerospace and strategic materials group to Owens-Corning Fiberglas, the glass fibre manufacturer.

Owens-Corning, based in Toledo, Ohio, is to pay $415m in cash for the Armco division, which last year had sales of $500.5m, and reported an operating profit of $44.9m.

Mr William Boeschenstein, chairman of the Toledo group, said that the acquisition was particularly attractive as "part of our long-range strategy to expand activities in areas which can accelerate business growth." He added that the Armco business was a logical extension of Owens-Corning's activities in composite materials.

The aerospace division consists of three businesses that primarily develop and manufacture high-performance materials — advanced composites, forgings and fittings, and titanium products — for aerospace, defence and a broad range of other industries. The group has 24 plants and employs 6,400 people.

Earlier this year, Mr Robert Boni, the new chief executive of Armco, announced that he would be selling the aerospace activities and some other businesses as part of "drastic" changes at the company. In 1984, the group announced a loss of $295m, or $4.55 a share, after running up even larger losses of $673m in 1983 and $345m in 1982.

Mr Boni's new strategy is to slim the group back largely to its steelmaking roots, following the unsuccessful diversification programme which ended in hefty deficits in both its insurance and oilfield equipment divisions.

He said yesterday that the divestment of the aerospace activities would permit Armco to continue its restructuring and debt reduction programme.

Owens-Corning, which had sales last year of $3bn and earnings of $114m, said that it would be financing the purchase initially through short-term borrowings.

Rauma-Repola improves despite rig loss provision

BY OLLI VIRTANEN IN HELSINKI

RAUMA-REPOLA, the Finnish forest industry and metal and engineering company, reports a 13 per cent increase in net profits to FM 130m ($22m) for the first six months of 1985 despite a FM 35m provision for possible contract losses.

The company says the troubled Global Marine group has yet to pay most of what it owes on the three semi-submersible rigs it bought from Rauma. The total amount due to Rauma at the end of July was around FM 800m.

With various kinds of guarantees and securities Rauma's directors expect the eventual loss to be below FM 70m. One of the rigs has 100 per cent guarantees from a consortium of U.S. banks.

Net sales of the group climbed by 21 per cent to FM 3.67m during the half-year, mainly due to large deliveries in the metal and engineering division.

Rauma says its shipbuilding and offshore sector is losing ground with orders drying up. Total number of new orders during the six months dropped by 52 per cent to FM 649m.

Engineering looks brighter with half-year sales up 77 per cent to FM 1.08m.

The strong dollar helped Rauma's pulp and paper division to lift sales by 14 per cent, but the company's saw mills, some of them expected to be disposed of before the end of this year, suffered an 8 per cent decline.

The first half of 1985 marked a number of foreign acquisitions for Rauma. It bought Sterling Coated Materials of the UK and the American valve maker Kamyer Inc.

Jacobs Suchard to set up London cocoa offshoot

BY OUR FINANCIAL STAFF

JACOBS SUCHARD, the Swiss coffee and chocolate group which operates under the Tobler and Suchard labels, is to set up a cocoa trading operation in London.

The new unit, to be called Sopa (UK), will provide the group with more direct access to the London commodity markets. It will handle coffee and cocoa purchases.

The move is in line with a programme of creating a worldwide commodity trading chain. In recent years, Jacobs has opened dealing units in Brazil, Colombia, Kenya and the Ivory Coast.

In March of this year, Jacobs made a SwFr 315m ($139.4m) rights issue, its second cash-call to shareholders in less than six months.

The financing move was backed up by higher sales and profits for the year 1984, plus an increased dividend. The family-controlled Suchard proposed to step up its dividend to SwFr 150 per bearer share.

Turnover for 1984 rose by 12½ per cent to SwFr 5.1bn and net profits improved to SwFr 120m from the SwFr 110.2m of 1983.

Spain to merge major petrochemical companies

BY OUR FINANCIAL STAFF

SPAIN plans to merge its major petrochemical companies ahead of entry to the European Community next year.

The proposed merger, to be supervised by INH, the state oil holding company, involves the Paular, Calatrava and Alcudia companies. The new company will be Spain's largest producer of a variety of oil-derivative chemical products.

The Spanish Government has been streamlining its oil industry since 1981 when it initially merged eight independent companies to create INH, since when the group has tried to pool capacity in an effort to improve the competitiveness of the domestic industry.

Last month the Government passed legislation transferring the assets of its oil products marketing monopoly, CAMPSA, to a joint-venture agency.

INH has 58.1 per cent of the new agency through its two member refineries. The remaining stock is held by private sector refiners.

The unit has taken charge of CAMPSA's pipelines, storage tanks and transport facilities, giving domestic refiners exclusive access to Spanish distribution facilities.

Jyske Bank assets grow

BY HILARY BARNES IN COPENHAGEN

JYSKE BANK, the Danish bank, continues to grow rapidly. In the first half of this year its balance sheet total increased by 32 per cent to DKr 31.2bn ($3.1bn), only just behind Andelsbanken, the fifth largest Danish bank which has increased its balance sheet total by 17 per cent to DKr 32.3bn.

Jyske also reveals that it plans to increase share capital from DKr 274m to DKr 550m later this year, on terms yet to be announced, and to raise up to DKr 1.6bn in subordinated loan capital.

The bank's first-half operating profits were down from DKr 209m to DKr 154m, but it made DKr 957m from the change in the value of its securities portfolio, giving it a 125 per cent return on equity capital.

Andelsbanken increased operating profits by 52 per cent from DKr 182m to DKr 276m, while the gain from the portfolio adjustment was DKr 561m.

Wilhelmsen forges ahead

BY FAY GJESTER IN OSLO

WILH. WILHELMSEN, Norway's largest shipping group, has registered pre-tax profits of NKr 70m ($8.5m) in the first half of 1985—NKr 20m up on the same period a year earlier — while gross revenue was NKr 290m higher at NKr 2.34bn.

The group says in its half-year report that all new buildings delivered, as well as ships and rigs on order, have been financed. Rapid debt repayment and equity paid on new buildings have reduced the group's cash position, but agreements concluded on ships' sales, drawing rights and anticipated results should form the basis for a satisfactory development of our cash reserves."

Accounts for the second half of 1985 will include profits on ships' sales, already agreed, totalling NKr 125m.

The offshore sector remains Wilhelmsen's most profitable activity, and its fleet of drilling rigs and "flotels" yielded a good return during the period, on the basis of previously secured contracts. Next month will see the arrival in Norway, from its Japanese yard, of the innovative Arctic rig Polar Pioneer, in which the group has a 47.5 per cent interest. The rig will begin work immediately in Arctic water under a five-year charter to Norsk Hydro.

A major restructuring of Wilhelmsen's liner operations, undertaken during the period, is expected to increase profitability considerably.

Under a deal between Barber Blue Sea, ScanCarriers, and Open Bulk Carriers — liner companies in which Wilhelmsen is a partner — a total of 11 ro-ro vessels are being redeployed into a combined route around the world, with Europe, Australia, South-East Asia, Japan and the U.S. as their principal markets. This has eliminated lossmaking links in the liners' old routes.

Associated Hotels in fresh rescue bid

By Our Financial Staff

ASSOCIATED HOTELS, the loss-making Hong Kong hotels and property group, has put a major refinancing plan before creditors and shareholders in a bid to avoid a winding-up.

The company, which says it had a deficiency in net worth of HK$203m (US$26m) at the end of March, proposes a complex, multilayered scheme which will leave the Tian Teck group of Singapore owning between 44 per cent and 67 per cent of the restructured capital.

The plan is the second put up by Associated Hotels this year. In June, a move to restructure the company collapsed following the withdrawal of support by Tian Teck the biggest single shareholder with 30 per cent.

Associated Hotels, which operates the Hyatt Regency Hotel in Hong Kong, has been hit hard by the depression in local property markets. Its net losses for the two years ended September 1983 totalled HK$856m.

The company, which is involved the construction of major residential developments, is said to have debts totalling HK$1.3bn. Cheong Hooi Hong, the chairman, said yesterday that the refinancing deal was a last chance to stave off liquidation.

Under the restructuring, Associated Hotels' capital will be written-down by 80 per cent to around HK$25m, and up to 60m new shares issued with half of them reserved for creditors. There will be a 6 per cent loan stock alternative for creditors.

A further 30m new shares will be subscribed by the Tian Teck group for HK$54m with the proceeds also going to creditors. In addition, "certain" creditors will benefit from HK$60m of promissory notes.

The scheme also contains plans for the issue of fresh equity in Associated Hotels' subsidiary, Associated International Hotels. Around HK$161m will be raised in this way with subscription rights given to shareholders and creditors.

This issue is being underwritten by Indosuez Asia and Schroders Asia, and any shares not taken up will be made available to the general public.

Following the share issue, Associated International Hotels will have a capital of HK$300m and Associated Hotels' holding will have been reduced from 100 per cent to 46 per cent.

The scheme also releases the Tian Teck group from its option to acquire the Hyatt Regency Hotel for HK$765m. The hotel was valued at the end of May by Jones Lang Wootton at HK$840m.

Japan-U.S. chip deal

Kawasaki Steel and Lsi Logic Corporation of the U.S. are to form a joint semiconductor manufacturing unit, Reuter reports from Tokyo. The joint company, Nihon Semiconductor, will be set up in Tokyo next month to produce silicon wafers and custom-made basic circuits for gate alleys and other integrated circuits.

LADBROKE INDEX
972-976 (*unchanged*)
Based on FT Index
Tel: 01-427 4411

ABN boosts dividend on 18% profits gain

BY OUR FINANCIAL STAFF

ALGEMENE BANK Nederland, the biggest of the Dutch big three banks, reports an 18 per cent increase in net profits for the first half of 1985 and proposes to lift the interim dividend.

Despite narrowing interest margins, net profits improved to Fl 203.5m ($65.4m) from Fl 172.2m a year earlier. The interim dividend is going up to Fl 13 a share from the Fl 11 paid in 1984.

ABN is the second of the major Dutch banks to unveil half-year results and its figures fit in with the trend set by Amro Bank which last week produced net profit gains of 40 per cent and also raised its dividend.

ABN attributed the improved earnings to increased loan volume and better results in securities' business. Interest income in the first half rose to Fl 1.41bn from Fl 1.34bn.

However, interest margins remained under pressure in the six months and the margin squeeze was only offset by the growth of lending volume. The bank said earnings prospects for the rest of 1985 remain good. It expects net income for the full year to equal or better the Fl 401.1m posted in 1984.

At the end of June, total bank assets stood at Fl 149.4bn, up 10.4 per cent on the level of a year ago.

Quality Inns to expand operations in Europe

BY JOHN WICKS IN ZURICH

QUALITY INNS, the U.S. hotels group, is to carry out a major expansion of European operations. By 1990, the chain will be extended to include a total of about 100 hotels in the UK and on the Continent.

Hitherto, Quality Inns' only European presence has been through its activity as leading shareholder in the UK Prince of Wales chain of 10 hotels.

Continental operations are to be the responsibility of a regional headquarters just opened in Berne. This is also to be the location for a European reservations service.

Growth in Europe will take place via franchise and management contracts.

In the year ended May 1985 the hotel group showed a turnover of $96m.

Quality Inns is part of the Manor Care group, the fourth biggest nursing home operator in the U.S. Manor Care acquired the hotels group in late 1980 since when it has grown to a chain of 576 Inns.

The hotels side accounted for 11 per cent of Manor Care profits in the year ended May, 1984. Operating revenues for that year totalled $364m.

Noranda sells stake in Placer Development

By Bernard Simon in Toronto

NORANDA, the Canadian mining and forest products group, has taken a significant step towards lightening its debt burden by selling its 3 per cent stake in Placer Development, the Vancouver-based gold, silver and copper mining company, for C$334m (US$247m).

Noranda placed its 12.3m Placer shares at a price of C$26 a share with two Toronto investment dealers, Gordon Capital and Dominion Securities Pitfield, which will sell the shares to interested investors. Placer also sold the two securities firms 6.7m newly issued warrants at C$4 each, entitling holders to buy one Placer share for three years at C$30 a share.

A group of investment dealers will be formed to dispose of Placer units, consisting of a share and half a warrant, at a price of C$28 each.

Noranda said that the sale of its interest in Placer is the first step in a plan to cut its debt, totalling an estimated C$4bn by C$1bn "without affecting the company's core businesses." The company's other interests include a new gold mine in the Hemlo area of Northwest Ontario, a 49.8 per cent stake in the West Coast forest products company MacMillan Bloedel and control of the oil and gas producer Canadian Hunter.

Noranda suffered a C$24.3m loss in the first half of 1985 compared with a C$32.4m profit a year earlier.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*543)	460	90	—	—	3	—	—
	500	50	27	78	9	13	20
	550	15	52	43	89	30	37
	600	5	15	—	87	70	—
Cons. Gold (*422)	390	45	87	57	14	20	23
	420	25	46	52	32	38	45
	450	12	85	33	65	57	70
	500	5	12	17	87	100	100
	550	2	5	—	147	150	—
Courtaulds (*197)	120	14	18	22	5	8	7
	130	7	18	15	7	10	12
	140	4	7	—	16	17	—
	160	2	4	—	35	35	—
Com. Union (*230)	160	52	—	—	2	—	—
	200	50	38	44	2	4	8
	220	17	24	31	2	11	14
	240	8	13	20	12	22	23
G.E.C. (*188)	160	32	38	44	2	4	0
	180	15	28	30	5	0	11
	200	5	18	12	16	20	22
	220	2	—	—	54	—	—
Grand Met. (*215)	280	42	56	60	1½	4½	7
	300	23	38	43	4	2	14
	330	5½	13	25	18	23	28
I.C.I. (*654)	650	32	07	55	22	30	27
	700	10	30	38	08	50	87
	750	4	14	—	102	104	—
	800	2	0	—	102	132	—
Land Sec. (*205)	980	31	56	43	1	2	9
	300	12	20	28	2	11	14
	330	3	2	—	27	28	—
Marks & Sp. (*155)	120	38	—	—	1	—	—
	130	28	33	30	2	3	4
	140	19	23	27	4	5	7
	160	5	9	13	10	15	14
Shell Trans. (*675)	650	57	62	57	13	17	82
	700	12	27	42	38	43	50
	750	5	12	—	85	87	—
	800	1½	—	—	135	—	—
Traf'gar Hse (*370)	330	—	55	—	—	4	—
	353	51	—	29	7½	—	—
	350	—	33	—	—	15	17
	385	11	—	25	17	—	—
	390	—	15	—	—	29	32

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
BAT Inds. (*208)	260	40	—	—	1	—	—
	280	20	55	43	1	4	8
	300	8	20	28	2	15	20
	330	1½	7	19	35	38	40
	360	1	4	—	65	65	—
Barclays (*397)	535	55	65	—	1	5	—
	360	—	—	55	—	—	15
	385	10	25	—	15	22	—
	390	—	—	33	—	—	60
	420	—	—	17	—	—	60
Brit. Aero (*356)	300	60	65	70	2	4	5
	330	30	42	60	2	2	12
	350	5	22	30	8	17	20
	390	2	10	15	32	35	40
	420	1	3	5	58	65	55
	460	1	1	—	109	103	—
Bt. Telecom (*197)	130	68	—	—	0¼	—	—
	140	58	—	—	0¼	—	—
	150	48	—	—	0¼	—	—
	150	38	44	48	0¼	1	3
	170	28	34	—	0¼	2	—
	180	18	24	29	1	4	2
	200	3	12	17	6	11	14
	220	1	2½	2	24	24	26
Imperial Gr. (*182)	160	23	28	35	1	4	0
	180	5	13	24	4	10	14
	200	1¼	0	11	20	22	25
LASMO (*966)	240	27	46	55	1	8	14
	260	10	30	23	8	13	20
	280	1½	17	22	20	27	32
	293	0½	5	—	30	55	—

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*154)	140	15	21	94	1½	3	4
	160	1½	10	14	8	11	12
	160	1	3½	5½	97	28	29
P. & O. (*303)	330	53	55	73	2	2	3
	350	23	40	45	2	7	17
	320	7	12	27	5	20	25
Racal (*156)	140	18	26	32	2	3	7
	150	5	14	20	9	13	15
	180	1	7	12	22	28	88
	200	1	3	5	46	46	45
R.T.Z. (*557)	500	60	80	97	2	7	12
	550	20	50	52	10	22	27
	600	2	25	37	47	52	55
Vaal Reefs ($72)	70	4½	12	13	3	8½	10½
	80	2	7	0	0	13	15
	90	1	4½	0	19	20	21½
	100	0½	2½	5	29	29	50¼
Ex10% 1989 (*£98)	94	3¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	92	1¾	2¼	[illegible]	[illegible]	[illegible]	[illegible]
	98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/07 (*£111)	102	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0
	112	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3

Option		Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
BTR (*348)	300	55	57	72	5	2	8
	325	33	47	—	5	12	—
	330	—	—	46	—	—	17
	350	14	97	—	17	25	—
Beecham (*333)	300	38	43	50	4	6	10
	330	18	27	38	10	17	22
	360	3	13	32	50	33	38
Bass (*579)	500	90	97	107	2	5	7
	550	42	55	60	10	12	18
	600	12	26	32	23	32	40
De Beers ($4.93)	460	45	60	70	15	27	33
	500	25	37	50	37	50	75
	550	9	20	30	85	25	107
GKN (*930)	200	33	39	45	1½	3	5
	230	17	99	30	5	10	19
	240	5	11	18	15	20	25
Glaxo (*1295)	1250	75	115	150	23	33	43
	1500	50	90	125	33	55	65
	1350	25	50	95	70	60	90
Hanson (*207)	195	15	24	—	5	10	—
	200	—	—	28	—	—	15
	215	7	12	—	14	17	—
Jaguar (*275)	980	21	32	38	8	13	15
	280	10¾	20	22	18	22	25
	300	4	14	—	29	34	—
Tesco (*265)	236	32	48	—	2	6	—
	240	—	—	43	—	—	10
	255	17	25	—	5	15	—
	260	—	—	30	—	—	30
£/$ (*140.14cts)	120	20.40	20.40	90.70	0.15	0.70	1.90
	125	15.40	12.95	1.640	0.90	1.40	3.00
	160	10.30	11.60	19.60	0.35	2.50	4.40
	135	5.70	8.40	2.90	0.80	4.30	5.10
	140	2.50	5.70	7.40	9.80	6.80	8.50
	145	0.85	3.50	2.40	5.20	9.70	11.60
$/DM (*25.26 cts)	32	4.50	4.80	5.15	0.16	0.13	0.30
	33	3.50	3.90	4.35	0.15	0.25	0.40
	34	2.55	3.05	3.55	0.15	0.42	0.55
	55	1.50	2.30	3.00	0.16	0.65	0.95
	25	0.79	1.75	2.20	0.50	1.00	1.32
	37	0.33	1.25	1.80	1.05	1.50	1.80

Option		Calls Aug	Calls Sep	Calls Oct	Calls Dec	Puts Aug	Puts Sep	Puts Oct	Puts Dec
FT-SE Index (*1999)	1200	105	107	—	190	1	3	—	9
	1225	80	—	—	—	2	—	—	—
	1950	55	64	70	80	2	2	18	25
	1272	32	—	46	—	5	—	23	—
	1300	13	50	35	50	13	22	35	42
	1350	—	9	—	25	—	52	—	73

Aug. 12 Total Contracts 8,617. Calls 5,519. Puts 8,898.
*Underlying security price

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$280	3	54	2	50.50	—	—	$335.90
GOLD C	$300	95	35 A	—	—	—	—	"
GOLD C	$320	352	15	121	27.50	25	33	"
GOLD C	$340	657	0.10	420	15 A	48	22	"
GOLD C	$360	—	—	379	7	—	—	"
GOLD P	$300	—	—	—	—	12	4	"
GOLD P	$320	—	—	49	4.80	12	7.50	"
GOLD P	$340	—	—	54	12	16	15.10	"
GOLD P	$360	—	—	3	28	—	—	"
		Sept.		Dec.		March		
SILVER C	$550	5	20	21	40	—	—	$638
SILVER P	$700	—	—	—	—	5	77	"
$/FL C	Fl.210	101	5.80	11	10.50	8	12.50	Fl.310.80
$/FL C	Fl.315	10	3.70 B	72	8.60	—	—	"
$/FL C	Fl.320	70	2.10	2	5.80	13	8.50	"
$/FL C	Fl.325	8	1.10	25	4.70	14	7.20	"
$/FL C	Fl.330	—	—	24	3.90	—	—	"
$/FL C	Fl.340	30	0.20	5	8	—	—	"
$/FL P	Fl.310	450	5.30	20	11.50	—	—	"
$/FL P	Fl.315	30	8.20	15	14.20	—	—	"
$/FL P	Fl.320	90	11.80	3	17.50	—	—	"
$/FL P	Fl.330	2	12.70 A	95	24.50	—	—	"
$/FL P	Fl.335	10	24.60	0	29	—	—	"
$/FL P	Fl.340	4	29.50	—	—	—	—	"
$/FL P	Fl.250	30	38.50	—	—	—	—	"
$/DM C	DM275	50	4.60	2	9	—	—	DM275.85
$/DM C	DM.505	10	0.10	—	—	—	—	"
$/DM P	DM.275	50	4.60	—	—	—	—	"
£/$ P	$130	—	—	9	9.10	—	—	$140.95
		Oct.		Jan.		Apr.		
ABN C	Fl.520	665	4	182	19.50	11	12.50	Fl.505
ABN P	Fl.500	265	17	34	12.50	10	12 B	"
AEGN C	Fl.100	22	2.40	27	0.10	—	—	Fl.96.40
AEGN P	Fl.03	28	9.90	55	4	—	—	"
AH C	Fl.250	55	5.20 B	24	8	1	11.80	Fl.238.80
AH P	Fl.230	—	—	95	5.30	5	5	"
AKZO C	Fl.120	265	2.20	96	9.10	10	12.50 A	Fl.121.50
AKZO P	Fl.120	81	2.50	177	4.50	91	5.60	"
AMRO C	Fl.90	158	2 A	48	4	1	5.50	Fl.88.70
AMRO P	Fl.85	132	1.20	72	5.60	9	4.70	"
GIST C	Fl.220	10	5.50 A	9	11	—	—	Fl.212.50
GIST P	Fl.210	52	5.50	—	—	—	—	"
HEIN C	Fl.150	53	4.70 B	—	—	10	10	Fl.148
HEIN P	Fl.150	31	4.50	—	—	—	—	"
HOOG C	Fl.70	285	0.70	55	2	43	3	Fl.63
HOOG P	Fl.55	102	4.20	18	5.60	1	5.40 A	"
KLM C	Fl.60	700	2.60	96	4.80 A	7	5.30	Fl.52.20
KLM P	Fl.50	520	2.50	2	5.30	4	5.90 A	"
NEOL C	Fl.190	4	5.40	51	6.80	10	10.60	Fl.176.40
NEOL P	Fl.130	9	0.40	1	1.50	—	—	"
NATN C	Fl.75	56	2.90	27	4.20	1	2.70	Fl.76.20
NATN P	Fl.75	8	2.30	—	—	—	—	"
PHIL C	Fl.45	185	2.10 B	118	2.50	63	4.20	Fl.45.30
PHIL P	Fl.50	202	5.10	52	5.50	19	5.70	"
RO C	Fl.200	389	1.80	288	4.60	23	7	Fl.185.80
RO P	Fl.190	321	8.20	148	0	12	8.50 B	"
ROBE C	Fl.77.50	20	0.60	—	—	—	—	Fl.74.80
ROBE P	Fl.72.50	—	—	8	1	30	2	"
UNIL C	Fl.560	105	8.30	42	3	7	10.60	Fl.525.40
UNIL P	Fl.320	51	4	19	8.10	13	11	"

TOTAL VOLUME IN CONTRACTS: 23,049
A=Ask B=Bid C=Call P=Put

COMPANY NOTICE

LEUMI INTERNATIONAL INVESTMENTS N.V.
US$75,000,000
***Guaranteed Floating Rate* Notes 1986**
Extendible at the Holder's Option to 1989

Notice is hereby given pursuant to December, 1985 with the notice(s) and Conditions of the Notes that any Noteholder may, at his option, extend the maturity of any Note(s) of which he is the holder to (and only to) the Interest Payment Date falling in June 1989 by presenting such Note(s) to any Paying Agent at any time up to and including the third business day prior to 31st of exercise of the option to extend exercise of the option to extend thereon duly completed.

17th August, 1985

PRINCIPAL PAYING AGENT
Bank Leumi Trust Company of New York
579 Fifth Avenue
New York, NY 10017

PAYING AGENTS
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34 Claridenstrasse
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75009 Paris

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8 Lovat Lane London EC3R 8BT Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	135	—	6.6	4.5	7.5	6.9
151	135	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
77	43	Airsprung Group	46	+1	6.4	13.8	7.7	10.0
42	26	Armitage & Rhodes	39	+1	4.3	11.0	4.2	3.8
159	106	Bardon Hill	157	—	4.0	2.5	19.9	20.7
64	42	Bray Technologies	63	—	3.9	2.2	7.7	8.9
201	158	CCL Ordinary	158	—	12.0	7.8	3.8	3.7
152	104	CCL 11pc Conv. Pref.	104	—	15.7	15.1	—	—
130	10	Carborundum Ord.	126	—	4.9	3.9	6.2	9.2
90	83	Carborundum 7.5pc Pf.	90	—	10.7	11.9	—	—
73	48	Osborah Services	49	—	5.5	13.3	4.7	7.3
485	182	Frank Horsell	485	—	1.4	0.3	11.4	15.4
385	170	Frank Horsell Pr.Ord.87	370	—	11.9	3.2	8.7	11.7
32	24	Frederick Parker	24	—	—	—	—	—
74	33	George Blair	74	+1	—	—	5.0	9.9
50	20	Ind. Precision Castings	23	—	2.7	11.7	6.3	6.2
212	177	Isis Group	180	—	15.0	8.3	13.2	20.7
124	101	Jackson Group	104	—	5.5	5.3	7.0	7.0
285	213	James Burrough	235	—	15.0	6.4	7.4	7.4
94	83	James Burrough 8pcPf.	91xd	—	12.9	14.2	—	—
95	71	John Howard and Co	86	—	3.0	3.2	6.2	10.2
225	100	Linguaphone Ord	193	−2	—	—	7.1	7.4
100	92	Linguaphone 10.5pc Pf.	93	—	15.0	16.1	—	—
650	300	Minihouse Holding NV	570	—	6.9	1.2	24.9	23.7
120	31	Robert Jenkins	73	—	—	—	9.5	20.9
80	28	Scruttons "A"	31	—	—	—	—	7.9
92	61	Torday and Carlisle	74	—	3.0	5.2	3.7	5.2
444	323	Trevian Holdings	325	—	4.3	1.3	12.5	12.2
33	17	Unilock Holdings	33	—	2.1	6.4	9.0	2.2
113	21	Walter Alexander	113	+1	8.6	7.6	6.4	7.2
247	208	W. S. Yeates	206	−2	17.4	8.4	5.9	10.1

Prices and details of services now available on Prestel, page 48146

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Lower on money growth

LOWER LEVELS developed no Well Street yesterday following reports of rapid money supply growth and slumping housing starts, which undercut attempts at a recovery.

By 1 pm the Dow Jones Industrial Average was down 4.59 at 1313.17, making a loss of 7.62 on the week, while the NYSE All Common index, at $108.27, lost 32 cents on the day and 79 cents on the week. Declines led majority in a light volume of advances by a two-to-one majority in a light volume of 64.62m shares.

Trading was desultory, with big institutions mostly sidelined as they have been most of the month, traders said. "The business news all week has been somewhat disappointing," said Michael Metz, of Oppenheimer and Co., "but even though the economy is sluggish the Federal Reserve has little leeway to ease credit. So you've got the worst of both worlds, a slowdown of business and rising interest rates."

Big traders, meanwhile, remained sidelined, awaiting stronger signals that "might make them a little more nervous, or a little more optimistic," he added.

Middle South Utilities, down $1⅛ at $9⅛, recovered from its lowest level of $8⅛, despite intense selling pressure.

Pan Am, second most active, gained $⅛ to $8.

Scott and Fetzer gave way $1⅞ to $56⅞—traders noted difficulties in the completion of a leveraged buyout.

Tambrands further declined $2⅛ to $73⅜.

THE AMERICAN S.E. Market Value index dipped 0.99 to 231.87, for a loss of 0.71 on the week.

Closing prices for North America were not available for this edition

Several Gold Mining concerns' shares rose, with most active Echo Bay Mines gaining $⅛ to $15⅛ and Giant Yellowknife $1⅛ to $18⅛. Precious Metal Markets have been rising.

CANADA

Stocks declined in extremely heavy trading around mid-session, as investors feared the report of a surprising 2.4 per cent drop in U.S. housing starts for July may be recessionary. But Gold shares continued to surge ahead.

The Toronto Composite index fell 5.45 to 2793.57 and Oil and Gas lost 5.1 to 3345.3. But the Gold index soared 85.2 to a new year high of 4662.9, after Thursday's 161 point jump, with analysts tying the surge to continued unrest in South Africa and news of renewed hostilities between Iran and Iraq.

TOKYO

Share prices closed sharply higher as investors felt the advance of the past two days showed the market had bottomed out after recent heavy losses.

The Nikkei Dow Average rose 99.08 to 12,583.08, the third successive rise. Turnover 440m (470m) shares. The SE index rose 6.23 to 1,011.88. Volume 10m (8.5m) shares.

Biotechnology-related shares, Pharmaceuticals and Non-Ferrous Metals were the leaders, generating buying interest across a wide front. But International Populars were mixed.

Some Constructions and Housings fell initially on profit taking, but recovered later. Wakachiku Construction rose Y38 to 848, Sato Kogyo Y30 to 540 and Maeda Construction Y10 to 938.

Recently neglected "large-capital" shares advanced.

Minebea and Sankyo Seiki resumed trading after a one-day suspension Thursday because of merger negotiation rumours. Minebea ended at Y699, up from Y599 at Wednesday's close, and Sankyo gained the Y200 one-day limit to Y1,570 on rumours of a takeover bid by Minebea.

HONG KONG

Higher in active trading as Banking stocks recovered from heavy selling pressure Thursday.

Overseas institutions believed Bankings had been oversold, and were the major buyers.

Local investors were on the sidelines as the Hang Seng Index again breached the 1,700 barrier to close 15.82 higher at 1,700.37. Brokers said they were hesitant about buying at that level.

The Financial sub-index was 23.81 higher with all the "big" Banks regaining ground lost Thursday.

Turnover HK$306.03m (HK$365m).

Wing Lung Bank held unchanged at $HK36, despite higher profits reported after the close.

Sun Hung Kai Properties rose 40 cents to HK$13.70.

SINGAPORE

Bargain hunting and short-covering helped share prices to rise over a broad front in active trading, with interest mainly centred on a handful of speculative issues.

Gains led falls by about a five-to-one majority, but price changes were mostly small. The Straits Times Industrial index rose 4.88 to 758.29 and the S.E. All Share index 2.14 to 266.66. Turnover to 17.9m (13.2m) units.

Malaysian buying in speculative stocks fuelled the advance. The market's movements during the day were dictated by conflicting rumours about the fate of the Malaysian Chinese Association (MCA), the leading political party of Malaysia's Ethnic Chinese population.

G.I. Holdings, up 17 cents at S$2.29, led the active stocks with a volume of 889,000 units, followed by Pan-Electric, up 6 cents at S$2.25, with 888,000 units.

AUSTRALIA

Bullion's surge to the 330 U.S. dollars mark triggered a rush for Gold shares by local and foreign investors.

The surge pushed the Gold index to a record high of 1079.6, a jump of 29.1.

The Gold index was bolstered by leading shares, with Kidston up 10 cents to A$5.80, Sons of Gwalia 20 cents to A$3.00, Emperor 22 cents to A$4.22, Central Norseman Gold 20 cents A$9.60, Gold Mines of Kalgoorlie 20 cents to A$11.10, Renison 14 cents to A$5.64 and Poseidon 10 cents to A$4.40.

But the gold rush was insufficient to keep Stock Markets in the plus column and the All Ordinaries index shed 0.7 to 956.2.

Diversified Mines also were out of favour.

The market leader Broken Hill Proprietary marked time finishing steady at A$7.12.

Industrials were held back by high interest rates, with the index down 1.1 at 1,388.7.

Retailers came under selling pressure.

GERMANY

Share prices closed mostly near the day's lows in very thin trading, with no new factors to stimulate operators ahead of the weekend.

Some dealers said the softer dollar was responsible for yesterday's fall, but others said the thin turnover was largely responsible for any price movements.

The Commerzbank index of 60 leading shares, set at mid-session, shed 5.9 to 1,418.5.

Losses of up to DM 4 were common.

Carmaker VW were down DM 3.50 at 317, as were BMW at DM 436.50. Porsche partially recovered from early losses, but still finished DM 4 down at 1,282.

SWITZERLAND

Domestic stock prices closed mostly higher in fairly active trading, with operators reluctant to open further comments.

Financial holding companies were mostly higher. Demand was seen in Gavazzi Holding, which rose Frs 140 to 5,300. The restaurant chain Moevenpick further improved Frs 15 to 5,375.

AMSTERDAM

Mixed with advances and declines about even and no major movements seen in quiet trading.

Wall Street's overnight close had only limited impact on the market, while the weak U.S. dollar was a depressing factor yesterday.

In Banks, ABN, which had risen steadily over the week, dropped further later on after its half year results failed to meet expectations and the share finally closed Fls 13 lower at 505.

CANADA

Stock	Aug. 15	Aug. 14	Stock	Aug. 15	Aug. 14	Stock	Aug. 15	Aug. 14	Stock	Aug. 15	Aug. 14	Stock	Aug. 15	Aug. 14
AMCA Intl.	16⅜	16⅛	Cambell Red L.	34⅛	33¼	Dome Mines	12⅞	11⅝	Loblaw	20⅝	20	Ranger Oil	5¼	5½
Abitibi	20⅛	90⅝	Can. Cement Pt.	11	10⅞	Dome Petroleum	9.16	8.83	Macmil Bloedel	21	60⅝	Reed Stenhouse A	20¾	20½
Agnico Eagl.	18⅞	16⅜	Can. NW Energy	93	26⅝	Domtar	20⅝	20⅜	Marks & Spencer	11⅞	11⅛	Rio Algom	34½	23⅞
Alberta Energy	18⅛	18¾	Can. Packers	54⅜	35⅛	Falconbridge	61	20⅜	MasseyFerguson	3.20	3.16	Royal Bank Can.	31⅛	30½
			Can. Trustco	42⅞	43¼	Fed. Inds. A	26¾	23⅜	McIntyre Mines	40¼	89¾	Royal Trust A	21⅛	21⅛
			Can. Imp. Bank	36⅛	36	Gendis A	30¼	30⅜	Mitel Corpn.	10	6⅞			

Indices

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls

The dollar fell to its lowest level since August last year in currency markets yesterday after further evidence of a slow down in the U.S. economy. The market reacted to a 2.4 per cent fall in July housing starts

The dollar closed at DM 2.7575 down from DM 2.7630, having touched a low of DM 2.7460. Elsewhere it finished at SwFr 2.2585 from SwFr 2.2650 and Y236.75 compared with Y237.05. Against the French franc it closed at FFr 8.42 from FFr 8.4425. On Bank of England figures, it exchange rate index fell from 136.5 to 135.9.

Sterling continued to improve, helped principally by the dollar's decline. Its index finished at 82.2 up from 81.9 on Thursday. Against the dollar it broke through $1.40 to touch a high of $1.4125 before finishing at $1.4000-1.4010, a rise of 45 points rose to DM 3.8575 from DM from Thursday. Elsewhere it 3.8550 and FFr 11.8025 from FFr 11.7850. It was unchanged against the yen at Y331 and down slightly in terms of the Swiss franc at SwFr 3.1550 from SwFr 3.1600.

£ IN NEW YORK

	Aug. 10	Prev. close
£ Spot	$1.4010-1.4020	$1.4006-1.4016
1 month	0.43-0.41 pm	0.43-0.42pm
3 months	1.09-1.05 pm	1.10-1.07pm
12 months	2.52-2.40 pm	2.59-2.56pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	Aug 16	Previous
8.30 am	82.4	82.0
9.00 am	82.6	82.1
10.00 am	82.4	82.1
11.00 am	82.2	82.0
Noon	82.0	82.0
1.00 pm	82.0	82.0
2.00 pm	82.2	82.0
3.00 pm	82.0	81.9
4.00 pm	82.2	81.9

POUND SPOT—FORWARD AGAINST POUND

August 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3960-1.4125	1.4000-1.4010	0.43-0.40c pm	3.58	1.06-1.03pm	3.01
Canada	1.8911-1.9077	1.8925-1.9068	0.45-0.35c pm	2.57	1.04-0.98pm	2.04
Nethlnd.	4.33¼-4.37	4.33¼-4.34¼	2⅛-2c pm	5.71	5⅞-5⅝pm	5.30
Belgium	78.00-78.73	78.00-78.10	17-8c pm	1.92	30-12pm	1.08
Denmark	13.99-14.67¼	14.61-14.02	4¼-3¼ore pm	3.21	10¾-9⅜pm	2.91
Ireland	1.2430-1.2484	1.2438-1.2448	0.17-0.02p pm	0.92	0.30-0.08pm	0.61
W. Ger.	3.85¼-3.88¼	3.85¼-3.86¼	2⅛-2¼pf pm	7.19	8⅛-5¾pm	5.68
Portugal	227½-233	228½-231½	85-430c dis	−12.91	440-1505dis	−16.91
Spain	227¼-229¼	228-228¼	70-215c dis	−7.50	240-530dis	−8.75
Italy	2580½-2607¾	2580½-2581½	par-5lire dis	−1.16	12-18dis	−2.32
Norway	11.39¾-11.48½	11.42-11.43	⅜-1⅞ore dis	−1.18	3⅛-4⅛dis	−1.38
France	11.78½-11.86½	11.79½-11.80½	⅛-⅛c pm	0.51	2-3dis	−0.85
Sweden	11.53¼-11.60¼	11.53½-11.54½	3½-4½ore dis	−4.03	16½-11½dis	−3.84
Japan	330½-331⅞	330½-331½	1.58-1.46y pm	5.47	3.99-3.85pm	4.74
Austria	27.12-27.29	27.12-27.18	15-13½gro pm	6.30	40½-36½pm	5.64
Switz.	3.15-3.18¼	3.15-3.16	2-1¾c pm	7.37	5¼-5pm	6.50

Belgian rate is for convertible francs. Financial franc 79.20-79.30. Six-month forward dollar 1.62-1.63c pm. 12-month 2.50-2.35c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3960-1.4125	1.4000-1.4015	0.43-0.40c pm	3.56	1.06-1.03pm	3.01
Ireland†	1.1223-1.1297	1.1267-1.1277	0.30-0.20c pm	2.57	0.75-0.60pm	2.40
Canada	1.3521-1.3540	1.3530-1.3540	0.10-0.13c dis	−1.02	0.31-0.36dis	−0.99
Nethlnd.	3.0925-3.1145	3.0995-3.1005	0.58-0.55c pm	2.19	1.81-1.77pm	2.31
Belgium	55.75-56.13	55.75-55.85	7-9c dis	−1.71	23-30dis	−1.89
Denmark	9.99-10.02	9.99-9.99½	par-½ore dis	−0.30	par-½dis	−0.16
W. Ger.	2.7460-2.7655	2.7570-2.7580	0.83-0.80pf pm	3.54	2.54-2.51pm	3.66
Portugal	164½-166	164½-165½	100-350c dis	−16.31	450-1200dis	−19.84
Spain	162.20-162.90	162.30-162.50	75-175c dis	−9.21	250-450dis	−8.60
Italy	1844½-1855½	1844½-1845½	8½-10lire dis	−5.99	25-27dis	−3.81
Norway	8.12-8.17½	8.16½-8.16	3-3½ore dis	−4.78	8¾-9¼dis	−4.41
France	8.39½-8.45¼	8.41¼-8.42¼	2-2½c dis	−3.17	7½-8½dis	−3.75
Sweden	8.22-8.25½	8.23½-8.24	5-5½ore dis	−7.83	14¼-14½dis	−7.03
Japan	236.00-237.25	236.70-236.80	0.37-0.32y pm	1.75	1.08-0.98pm	1.74
Austria	19.31-19.42¼	19.33-19.35	4½-4gro pm	2.70	14-11½pm	2.63
Switz.	2.2510-2.2700	2.2580-2.2590	0.72-0.68c pm	3.85	2.02-1.98pm	3.51

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.55-56.65.

OTHER CURRENCIES

Aug. 16	£	$		£ Note Rates
Argentina Austral	1.1204-1.1227	0.8060-0.8610	Austria	27.05-27.65
Australia Dollar	1.9980-1.9705	1.4645-1.4260	Belgium	79.00-79.80
Brazil Cruzeiro	9,393-9,419	6,700-6,720	Denmark	13.68-14.12
Finland Markka	8.2070-8.2400	5.9770-5.8790	France	11.77-11.90
Greek Drachma	181.30-195.00	128.60-151.20	Germany	3.85-3.89
Hongkong Dollar	10.8885-10.9376	7.7910-7.7930	Italy	2590-2630
Iran Rial	123.40*	89.30*	Japan	332-336
Kuwait Dinar (KD)	0.4210-0.4220	0.30175-0.30185	Netherlands	4.34-4.38
Luxembourg Fr	78.60-78.10	55.75-55.85	Norway	11.40-11.51
Malaysia Ringgit	3.4300-3.4300	2.4545-2.4585	Portugal	224-239
New Zealand Dlr.	2.6070-2.6146	1.8585-1.8640	Spain	231-231
Saudi Arab Riyal	5.1015-5.1110	3.6495-3.6505	Sweden	11.54-11.60
Singapore Dollar	3.0760-3.0820	2.2015-2.2035	Switzerland	3.13-3.18
Sth African Rand	3.5276-3.4975	2.3800-2.4400	United States	1.39-1.41
U.A.E. Dirham	5.1525-5.1495	3.6730-3.6730	Yugoslavia	360-405

* Selling rate.

EXCHANGE CROSS RATES

Aug. 16	Pound St'ling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.401	3.858	331.0	11.80	3.155	4.330	2581.	1.868	78.05
U.S. Dollar	0.714	1.	2.758	236.8	8.423	2.252	3.100	1845	1.356	55.80
Deutschemark	0.259	0.363	1.	85.81	3.060	0.818	1.124	668.1	0.491	20.23
Japanese Yen 1,000	3.021	4.231	11.65	1000.	35.66	9.532	13.10	7798.	5.724	235.8
French Franc 10	0.847	1.187	3.268	280.4	10.	2.673	3.676	2187.	1.605	66.10
Swiss Franc	0.317	0.444	1.223	104.9	3.741	1.	1.375	818.1	0.600	24.74
Dutch Guilder	0.231	0.323	0.889	76.31	2.721	0.727	1.	595.0	0.437	17.99
Italian Lira 1,000	0.387	0.543	1.495	128.2	4.573	1.223	1.681	1000.	0.734	30.24
Canadian Dollar	0.528	0.738	2.036	174.7	6.230	1.665	2.290	1362.	1.	41.20
Belgian Franc 100	1.281	1.794	4.948	424.1	15.12	4.042	5.557	3307.	2.427	100.

MONEY MARKETS

Weaker trend

Interest rates were mostly easier in London yesterday. The fall was more pronounced at the longer end of the market with short-term rates held up to some extent by the current shortage of short-term liquidity. The market remained rather bullish in view of sterling's better performance against a weakening dollar

Three-month eligible bank bills

UK clearing banks base lending rate 11½ per cent since July 30

were bid at 11 per cent, unchanged from Thursday, while three-month interbank money eased to 11⅝-11 9/16 per cent from 11⅜-11½ per cent. Weekend interbank money traded between 14 per cent and 11⅞ per cent.

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £707m and a rise in the note circulation a further £255m. These were partly offset by Exchequer transactions which added £210m and banks' balances brought forward £60m above target.

The Bank gave assistance in the morning of £10m through purchases of £2m of eligible bank bills in band 1 (up to 14 days) at 11⅜ per cent, £1m in band 2 (15-33 days) at 11 5/16 per cent and £7m in band 3 (34-63 days) at 11¼ per cent. The forecast was later revised to a shortage of around £750m before taking into account the early help and the Bank provided further assistance in the afternoon of £349m. This comprised purchases of £5m of Treasury bills and £17m of eligible bank bills in band 1 at 11⅜ per cent and in band 2 £7m of Treasury bills, £5m of local authority bills and £267m of eligible bank bills all at 11 5/16 per cent. In band 3 it bought £48m of eligible bank bills at 11¼ per cent.

Gold rose to its best level since November 1984 in the London bullion market yesterday, finishing at $337-337½, a rise of $6½ from Thursday's close. The metal finished at the day's high on a wave of fresh demand following a further decline in the dollar and continued unrest in South Africa. It opened at $336-336½ and touched a low of $334¼-334¾.

LONDON MONEY RATES

Aug. 16 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11¾-14	11⅛-18	11⅞-12	11¾-12¼	—	—	—	—	—
2 days notice	—	—	11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¾-19	11½	11⅞	11¾	—	—	—	—	—
One month	11 11/16-11 9/16	11⅝-11¾	11⅝	11¾	11⅞	11 5/16	11¼	11 5/16	11⅜-11 5/16	11⅞
Two months	11 9/16-11 7/16	11⅝-11 9/16	11 9/16	11⅞	11	11⅛	10 15/16	11 3/16	11⅛	11½
Three months	11 9/16-11 7/16	11¼-11 9/16	11 9/16	11⅜	10¾	10 13/16	10⅞	11	10⅞-10 13/16	11⅜
Six months	10¾-10 9/16	10 13/16-11⅛	11	—	—	—	—	10 11/16-10⅝	10½-10⅝	10 13/16
Nine months	10 9/16-10⅝	10⅞-11 1/16	10 9/16	—	—	—	—	—	—	—
One year	10⅝-10 9/16	10 11/16-11	10⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-11⅞	—	11⅝	7.9-8.0	7⅜-7⅛	8⅞-8
Two months	12-11¾	—	11½	7.9-8.0	7 9/16-6 13/16	8 9/16-8 5/16
Three months	11⅞-11½	—	11 9/16	7.85-8.06	7 7/16-6 11/16	9-9⅛
Six months	11 9/16-11½	—	11	8.1-8.2	7⅛-6 9/16	9 1/16-8 15/16
Nine months	11 9/16-11 5/16	—	11	8.35-8.45	—	—
One year	11¼-11⅛	—	11	8.5-8.5	8⅛-8⅝	9⅛-9¼
Two years	—	11	—	—	—	—
Three years	—	11	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Finance IV: Average Rate of Interest period July 3 to August 6 (inclusive): 11.969 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association). 12½ per cent from August 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 10.8688 per cent. Certificates of Tax Deposits (Series 9): Deposits £100,000 and over held under one month 11⅞ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 8. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 16)

3 months U.S. dollars	
bid 8 1/16	offer 8 3/16

6 months U.S. dollars	
bid 8 1/4	offer 8 3/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lire	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	11⅝-19	8⅛-8⅛	8¼-8¾	5-6⅛	9-2¼	4⅛-4 1/16	5⅛-6¾	—	8¼-9¾	0⅜-8⅛	0 1/16-0 1/16	9¼-9¼
7 days' notice	11 15/16-11 13/16	7 15/16-8 1/16	8⅛-8¾	0 7/16-5 11/16	1⅝-1⅞	4⅛-4⅛	6¾-10	10-13	9-9⅛	6⅝-6⅞	6 1/16-0 1/16	6¼-9¾
Month	11⅝-11¾	7 15/16-8 1/16	8⅝-8⅞	5 5/16-5 11/16	4⅜-4⅛	4½-4⅝	10⅛-16¾	11⅝-14⅝	9 15/16-10	6-9¼	0⅛-6⅛	6¼-9¼
Three months	11¼-11⅝	8 1/16-8 3/16	8⅞-9⅛	5⅝-5⅞	4⅜-4 7/16	4½-4⅝	11⅜-11⅞	12-12⅛	9¾-10⅛	9⅝-9⅝	6⅝-0⅞	6-9¾
Six months	10 15/16-11 1/16	8¼-8⅜	9⅛-9⅜	5⅝-5⅞	4½-4⅞	4⅝-4¾	11⅞-12⅛	13⅛-14	10-10⅛	9⅝-9¾	6 1/16-0⅝	8¾-9¼
One year	10 13/16-10 15/16	8 5/16-8 7/16	9 5/16-9 7/16	5 9/16-5 15/16	4 5/16-4 7/16	4 5/16-4 7/16	11⅞-12⅛	13⅛-14⅝	10-10⅛	9⅝-9⅞	6 5/16-6⅝	9¼-9¾

Asian $ (closing rates in Singapore): Short-term 8 1/16-8 3/16 per cent; seven days 7 15/16-8 1/16 per cent; one month 7 15/16-8 1/16 per cent; three months 8 1/16-8 3/16 per cent; six months 8¼-8⅜ per cent; one year 8½-8⅝ per cent. Long-term Eurodollars: two years 9½-9⅝ per cent; three years 10-10¼ per cent; four years 10¼-10½ per cent; five years 10½-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Market c.i.f.	$1050/1070	—	$1155/1175	$1180/1210	$1025/1055
Antimony					
Free Market 99.6%	$2600/2650	+70	$3300/3370	$2740/2860	$2660/2650
Copper Cash High Grade	£1020.5	−23	£1024.5	£1339	£1010.
3 months Do. Do.	£1043.25	−21.00	£1042.75	£1331.75	£1034.25
Gold per oz.	$337.25	+10	$343.75	$337.25	$284.75
Lead Cash	£289	+1	£356.75	£391.5	£282.5
3 months	£297	+1	£366.25	£393.5	£288.70
Nickel market c.i.f. lb					
Free	228/248c	−0	212/232c	252/263c	215/245c
Palladium	£106.75	+7.75	£137.00	£122.60	£93.50
Platinum per oz	$281.00	+19	$337.00	$381	$244.80
Quicksilver (76 lbs)	$280/300	—	$337.00	$300/310	$280/290
Silver per oz	453.05p	+10	$37.60p	576.90p	431.70p
3 months per oz.	464.80p	+10	519.60p	604.90p	443.95p
Tin cash	£9,088	−19.5	£10,005	£10,205	£9050.5
3 months	£9,054.5	−168	£9402.5	£10,232.5	£9050.0
Tungsten Ind.	£53.70	—	£69.95	£66.65	£57.49
Wolfram (22.04 lb)	£70.00	—	£78.00	£70.00	£56.60
Zinc cash	£524.5	−16.0	£600.5	£844.0	£513.8
3 months	£536.0	−17.26	£606.25	£855.5	£504.5
Producers	$830	—	$990	$950	$830
GRAINS					
Barley Futures	£102.50x	+0.16	£109.60	£117.40	£98.00
Maize French	£133.40	−0	£149.60	£162.20	£100.40
WHEAT Futures	£101.45x	−0.40	£111.00	£124.95	£95.80
SPICES					
Cloves	‡	—	$4,200	$4,200	$3,200
Pepper white	‡	—	$4,100	$5,500	$3,500
black	‡	—	$1,650	$5,700	$2,150
OILS					
Coconut (Philippines)	$460u	−45	$900	$950	$460
Palm Malayan	$415w	−15	$665	$700	$410
SEEDS					
Copra (Philippines)	$320u	−10	$730	$576	$380
Soyabeans (U.S.)	£128.5t	+0.5	£170	£259.5	£214.75
OTHER COMMODITIES					
Cocoa Futures Dec.	£1706.5	−32.5	£1654.0	£2,266.5	£1,657
Coffee Futures Nov.	£1688	−39.5	£2339	£2,407	£1487.0
Cotton Index	55.95c	−0	77.00c	71.95c	0.25c
Gas Oil Fut. Oct.	$239.25	+3.5	£220.70	£335.0	£208.70
Jute UA BWC grade					
Rubber kilo	52.25p	−0.75	64.0p	70p	52p
Sisal No. 3L					
Sugar (Raw)	$117u	−0	£92.0	£132	£83
Tea (quality) kilo	106p	+0	814p	955p	102p
(low medr kilo	428p kilo	−7	466p kilo	690p kilo	428p kilo
Wooltops 64s Super					

† Unquoted. (g) Madagascar. (t) September. (u) August-September. (x) November. (w) October.

REVIEW OF THE WEEK

Gloom continues in rubber market

BY RICHARD MOONEY

A LONG, and sometimes bad-tempered meeting of the International Natural Rubber Organisation (Inro) Council meeting in Kualar Lumpur this week did little to relieve the current gloom in the world rubber market. Continuing high production and sluggish demand have conspired to push Eastern rubber prices down sharply over the last 18 months, a trend which has not been fully reflected in the London physical market because of currency complications.

The Inro buffer stock manager has been powerless to halt the decline, in spite of building up a stockpile of some 320,000 tonnes. It was the passing of the 300,000 tonnes point which triggered this week's special council session.

As the meeting got under way the Inro five-day average indicator price fell below 166 cents pushing the buffer stock manager into his "must buy" range. But this situation did not last long. The council finally agreed, after much haggling and with only grudging approval from Malaysia, to operate the 3 per cent cut in the support price range which is automatic under the terms of the International Natural Rubber Agreement when the stockpile exceeds 300,000 tonnes, unless an alternative course of action can be agreed.

Malaysia, the world's biggest rubber producer, had pressed for the suspension of buffer stock operations so that the market could be allowed to find its own level. But this was strongly resisted by consuming members of the agreement. Malaysia eventually gave way after the Council agreed to review the situation again at another special session in October.

By that time, however, the stockpile could have passed the 400,000 tonnes mark, triggering a call on members for contingency funds sufficient to purchase a further 150,000 tonnes. This extra expense would be far from welcome to producing members who are already suffering low returns from their rubber exports and many of whom have little faith in the potential effectiveness of the agreement as it now stands.

Delegates from both sides left the meeting feeling that the crisis had merely been delayed and that few of the agreement's fundamental problems had been addressed, let alone solved.

Sterling's strength put cocoa and coffee prices under pressure on the London futures markets.

December delivery cocoa ended £32.50 down on the week at £1,706.50 a tonne in spite of continued concern about disease affecting the Brazilian crop, a generally steady New York market, and signs of underlying manufacturer demand for West African physical cocoa.

November delivery coffee lost £39.50 to £1,688, mainly representing a £34 fall yesterday. The market had been boosted in mid-week by renewed concern about the situation in Uganda and rising internal prices in Brazil. But the pound's strength and the continued fading of Brazilian frost prospects were enough to sustain the downward trend. Lack of rain in Brazilian growing areas was still providing some background support, however, dealers noted.

On the London Metal Exchange base metal prices were generally lower.

Cash higher grade copper ended £23 down at £1,020.50 a tonne, mainly on an unexpectedly large 23,825 addition to warehouse stocks last week. An addition of only 12,000 tonnes had been expected.

The cash zinc price lost £16.50 to £524.50 a tonne, partly reflecting the postponement till the end of the month of a strike at Peru's Centromin operation which had been scheduled to begin on Thursday.

OIL

Spot crude deals were sparse following the recent hectic trading. Brent opened firm but fell 25c around midday in the forward months before recovering partially in limited volume. Nymex WTI opened 1c down for September and fell to 19c down but recovered to trade at 1c down at 1 pm EDT. In the petroleum products market gas oil and naphtha opened firm following news of the Kharg Island attack but weakened with the Nymex opening. Heavy fuel prices firmed strongly on end-user demand from Scandinavia, the U.S. and Amsterdam, Rotterdam and Antwerp—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)— Sept.		
Arab Light	27.35-27.45	−0.095
Arab Heavy	25.20-25.30	−0.06
Dubai	26.25-26.35	—
Brent Blend	27.25-27.35	+0.15
W.T.I. (1pm est)	[illegible]	[illegible]
Forcados (Nigeria)	[illegible]	[illegible]
Urals (cif NWE)	[illegible]	[illegible]

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)

Premium gasoline	256-257	+1
Gas Oil	238-239	+3.5
Heavy fuel oil	142-144	+2
Naphtha	245-247	+2

* August. Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Sep	253.75	[illegible]	[illegible]
Oct	232.75	[illegible]	[illegible]
Nov	232.00	[illegible]	[illegible]
Dec	232.00	[illegible]	[illegible]
Jan	232.00	[illegible]	[illegible]
Feb	230.00	[illegible]	[illegible]

Turnover: 2,301 (1,789) lots of 100 tonnes.

GOLD

GOLD BULLION (fine ounce) Aug. 16

Close	$337-337½	(£240¼-240¾)
Opening	$336-336¾	(£239-239¾)
M'ning fix	$335.40	(£238.753)
Aft'n'n fix	$333.30	(£239.109)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$338-338½	(£241-241¼)
½ Krug.	$176¾-178	(£126-127)
¼ Krug.	$89¾-90¾	(£64-64¾)
1/10 Krug.	$36½-37¼	(£26-26½)
Mapleleaf	$345-345½	(£246-246¼)
New Sov.	$79¼-79¾	(£56½-56¾)
½ New Sov.	$47¾-48¼	(£34-34½)
Old Sov.	$81½-83	(£58-59¼)
$20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

INDICES

FINANCIAL TIMES

Aug. 15	Aug. 14	M'th ago	Year ago
295.60	254.88	267.68	291.78

(Base: July 1 1952 = 100)

REUTERS

Aug. 16	Aug. 15	M'th ago	Year ago
1589.0	1599.0	1680.3	1850.3

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 15	Aug. 14	Month ago	Year ago
Spot	114.84	114.76	—	121.72
Fut	116.83	115.97	—	130.07

(Base: December 31 1974 = 100)

BASE METALS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	729.5-31.5	−1.5	—
3 months	701.5-2	−2.5	752/744

Official closing (am): Cash 729.5-30 (727.5-8); three months 751-5 (750.5-1); settlement 730 (728). Final Kerb close: 753-4. Turnover: 14,050 tonnes.

COPPER

Higher grade, Cathodes and official closing prices: [illegible]

LEAD

[illegible]

NICKEL

[illegible]

ZINC

[illegible]

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	9088-90	−31.5	—
3 months	9054-5	−32	9065/9055

Official closing (am): Cash 9115-20 (9151-2); three months 9085-7 (9120-5); settlement 9120 (9153).

SILVER

[illegible]

GRAINS

[illegible]

first-half Oct 101.50, Oct 102, Oct/Dec 104.25 sellers east coast. Maize: U.S. no 3 yellow/French transhipment east coast Aug 133.40, Oct/Dec 130.00 sellers. Barley: English feed fob Aug 99.50, Sept 101, Oct 103, Oct/Dec 105.50, Dec 106.75 sellers east coast. Rest unquoted.

...HGCA — Locational ex-farm spot prices. Feed barley: Eastern 93.70, E. Mids 92.80, ...

FREIGHT FUTURES

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

The London physical market opened steadier, attracted some covering interest throughout the day, and closed quietly steady, reports Lewis and Peat. Closing prices (buyers): spot 62.25p (62.50p); Sept 58.25p (58.50p); Oct 58.25p (58.50p). The Kuala Lumpur fob price for RSS No 1 was 185.5 (184.5) cents a kg and for SMR 20 was 152.5 (same).

SUGAR

[illegible]

SOYABEAN MEAL

[illegible]

PIGMEAT

[illegible]

POTATOES

[illegible]

AMERICAN MARKETS

CONTINUING CONCERN over South Africa rallied precious metals values sharply as significant reforms failed to materialise, reports Heinold Commodities. Copper was steady on expectations of a stock increase in London. Sugar showed modest gains on poor beet test results in Europe. Cocoa weakened reflecting a lack of fresh manufacturer interest. Coffee firmed on delays in the opening of export registrations by Brazil. Cotton came under pressure on the realisation that recent rains from the hurricane were favourable to the crop overall. Heating oil weakened as reports of destruction of the Kharg Island terminal could not be confirmed. Grains traded mostly lower on profit-taking and continued favourable weather. Soyabeans lost ground

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
August	45.15	—	—	45.10
Sept	45.35	45.45	45.35	45.30
Oct	45.70	—	—	45.65
Dec	46.40	46.55	46.40	46.35
Jan	46.75	—	—	46.70
March	47.45	—	—	47.40
May	48.15	—	—	48.10

COCOA 10 tonnes. $/tonnes; COFFEE "C" 37,000 lb. cents/lb; COPPER 25,000 lb. cents/lb; COTTON 50,000 lb. cents/lb; CRUDE OIL (LIGHT) 42,000 U.S. gallons. $/barrels; GOLD 100 troy oz. $/troy oz; HEATING OIL 42,000 U.S. gallons. cents/U.S. gallons; ORANGE JUICE 15,000 lb. cents/lb; PLATINUM 50 troy oz. $/troy oz; SILVER 5,000 troy oz. cents/troy oz; SUGAR WORLD "11" 112,000 lb. cents/lb: [illegible]

CHICAGO

LIVE CATTLE 40,000 lb. cents/lb; LIVE HOGS 30,000 lb. cents/lb; MAIZE 5,000 bu min. cents/56 lb-bushel; PORK BELLIES 38,000 lb. cents/lb; SOYABEANS 5,000 bu min. cents/60 lb-bushel; SOYABEAN MEAL 100 tons. $/ton; SOYABEAN OIL 60,000 lb. cents/lb; WHEAT 5,000 bu min. cents/60lb-bushel: [illegible]

SPOT PRICES—Chicago loose lard 18.50 (same) cents per pound. New York tin 592.0-97.0 (592.0-97.0) cents per pound. Handy and Harman silver bullion 638.5 (630.5) cents per troy ounce.

MARKET REPORT

Markets maintain firm undertone awaiting moves of lower base lending rates

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

Optimism that the authorities would soon signal approval of lower bank base rates increased yesterday, but London stock markets looked jaded as they closed the first week of an extended trading Account. Government bonds opened the session brightly, but brokers' orders slightly favoured sellers and prices only just managed to hold early gains. Currency movements initially affected equity market sentiment, but leading shares, other than international stocks and overseas earners, later rallied to leave the closing tone slightly mixed.

The reason for cheaper money enthusiasm was again the sterling exchange rate. It moved above $1.41 at one point and, with the key three-month interbank slipping lower, some thought it possible that the Bank of England would cut intervention rates in UK money markets. The Bank gave assistance but no clear message yesterday regarding its intentions. Hopes remained high, however, that the endorsement of cheaper borrowing charges would be made next week, providing the pound remains strong.

Slightly better news on inflation—the year-on-year rate eased below 7 per cent last month—also supported markets. Contrary to expectations, opening dealings in the new Government stock were reasonably active. The authorities were not called upon to supply stock of the £800m issue of Treasury 9¾ per cent 2002 (£25-paid) but the price momentarily touched 25¼ before easing to 25. Other Gilts were ¼ better in the early trade but most gains were trimmed to around ⅛ as sterling eased back from the day's high point.

The weaker dollar continued to stifle enthusiasm for companies which draw a sizeable income from the U.S., but numerous good features appeared among other first and second-line equities. Despite news that the Evered-led consortium had increased its stake to just over 20 per cent, TI ran into profit-taking and surrendered part of the recent sharp rise. Measuring the trend of 30 leading stocks, the FT Ordinary share index was a few points easier throughout and closed the day a net 2 down at 974.7: on the week, the measure was 15.2 up.

FNFC below best

Perennial bid favourite First National Finance Corporation returned to prominence in the banking sector, rising 8½ to 123p, after 125p, on revived speculative buying aroused by talk of an imminent 130p per share offer, possibly from Bass. Wagon Finance, meanwhile, jumped 7 to 72p in response to the better-than-expected interim results, while Woodchester put on 3 to 170p. Elsewhere, renewed concern about their South African interests left Standard Chartered 6 down at 452p and Barclays 5 easier at 388p.

Royal Insurance fell 17 for a two-day decline of 28 to 675p following comment on the disappointing interim results. Commercial Union, which reported better-than-expected first-half results on Wednesday, softened 3 after profit-taking, but closed 8 higher on the week at 229p. General Accident gave up 10 to 630p and Sun Alliance relinquished 5 to 520p. Life issues, on the other hand, improved in places. Legal and General gained 5 to 718p in response to Press comment and Pearl edged forward to £11¾ ahead of next Wednesday's mid-term statement.

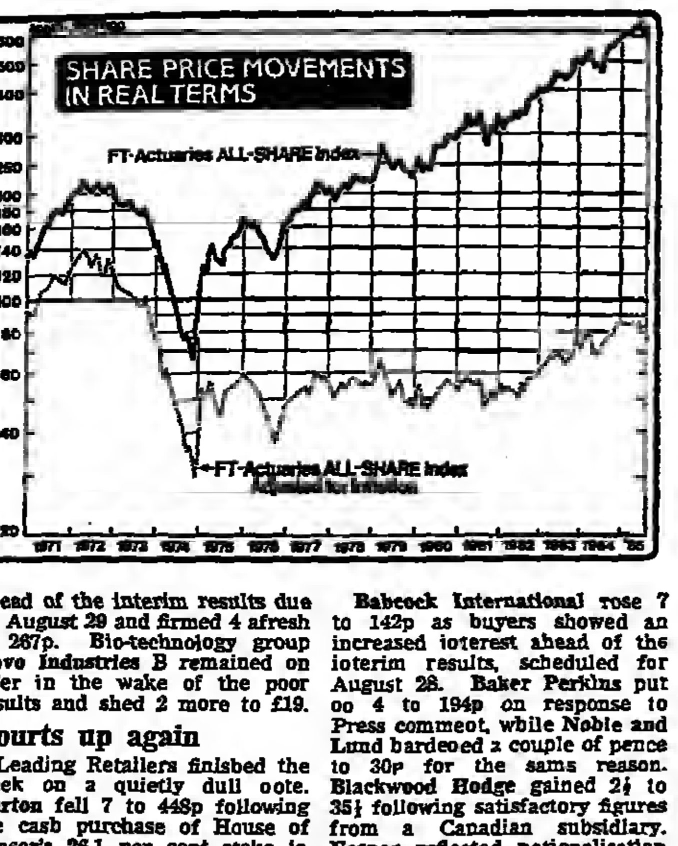
Among new issues, recently-firm Isotron encountered profit-taking and, in an unwilling market, reacted 24 to 198p, thus erasing the previous four days' gain.

Breweries remained in fine fettle. Bass put on 10 more to 580p while Whitbread A advanced 5 to 236p. Regionals highlighted Buckleys which touched 81p before settling 7 higher on balance at 79p amid vague suggestions of renewed buying by Mr Nazmu Virani. Vaux rose 8 for a gain on the week of 35 at 333p, while Belhaven added 3 at 48p. Greene King, on the other hand, encountered scattered profit-taking and eased 4 to 204p.

Building issues were underpinned by cheaper money trends and made further good progress. Costain firmed 4 to 460p for a gain on the week of 22, while Redland rose 8 to 304p and RMC moved up 12 to 412p. Blue Circle hardened 5 to 505p; the interim results are due on August 29. Buyers continued to favour John Laing, up 6 more at 287p, and George Wimpey, 2 better at 138p. Takeover favourite Higgs and Hill revived with a gain of 6 at 373p, while recently dull AMEC rallied a couple of pence to 252p. Elsewhere, Magnet and Southerns put on 6 for a two-day rise of 18 to 160p in the wake of a broker's lunch, while Alfred McAlpine hardened a couple of pence to 272p ahead of next Tuesday's half-timer and recently overlooked McCarthy and Stone picked up 10 to 240p.

ICI opened lower on currency influences and thereafter fluctuated narrowly prior to closing a net 7 off on the day and 32 lower over the five day period of 650p.

USM-quoted Alida Holdings attracted further buying interest ahead of the interim results due on August 29 and firmed 4 afresh to 267p. Bio-technology group Novo Industries B remained on offer in the wake of the poor results and shed 2 more to £19.



Courts up again

Leading Retailers finished the week on a quietly dull note. Burton fell 7 to 448p following the cash purchase of House of Fraser's 26.1 per cent stake in Debenhams. W. H. Smith A, up to 248p initially, settled a couple of pence lower on balance at 244p; the company is scheduled to announce annual figures next Wednesday. Takeover speculation continued in Owen Owen which hardened 10 more to 390p; the shares have risen 40 this week following the purchase of an 11.6 per cent holding by Clayform Properties, 2 up at 185p. Liberty rose 15 to 845p while renewed demand in a restricted market lifted Body Shop 57 to 730p. Courts rose 13 to 188p with the more-widely traded A shares 18 higher at 140p on further consideration of the company's proposal to buy-in 15 per cent of its equity.

Apart from British Telecom which hardened a couple of pence to 197p, the Electrical majors ended the week on a quietly dull note. Plessey, at 148p, lost Thursday's rise of 6 following comment on the first-quarter figures. GEC gave up 4 to 188p, as did Racal to 156p. STC, still reflecting the recent poor interim results, shed 3 to 85p. Elsewhere, BSR also remained a friendless market after disappointing trading news and fell 5 further to 65p. Acorn Computers, however, dealings in which were resumed at 2½p on Tuesday after its second major re-financing package in less than six months, improved 1½ more to 14½p.

Babcock International rose 7 to 142p as buyers showed an increased interest ahead of the interim results, scheduled for August 28. Baker Perkins put on 4 to 194p in response to Press comment, while Noble and Lund hardened a couple of pence to 26p for the same reason. Blackwood Hodge gained 2½ to 35½ following satisfactory figures from a Canadian subsidiary. Vosper reflected nationalisation compensation hopes with a rise of 10 to 169p, while Porter Chadburn gained 8 to 132p and Desoutter Bros. 6 to 163p. Weeks Associates firmed a penny more for a two-day jump of 6 to 18p, after 19p, on details of a subsidiary's acquisition. Leading Engineerings drifted easier for want of support and Hawker cheapened 4 to 385p.

Leading Foods traded quietly and closed with little alteration, but secondary issues displayed several noteworthy movements. Avana came under selling pressure on talk of a broker's adverse circular and fell 10 to 575p, and Squirrel Horn shed 3 to 26p following a withdrawal of speculative support. On the other hand, Whitworth firmed 5 to 113p on suggestions that the shares were due a re-rating, while buying in restricted markets lifted Hazlewood Foods 25 to 675p and Cliffords "A" 6 to 126p.

Miscellaneous industrial leaders presented a mixed bag. BTR reflected concern about its substantial South African interests and fell 10 to 348p, while currency influences prompted a reaction of ¼ to £13 in Glaxo. Pilkington, however, found support at 280p, up 15, and Hanson Trust improved a few pence to 207p. Elsewhere, BBA advanced 8 more for a rise of 22 on the week to 104p, after 106p, following impressive half-year figures and the £9.8m acquisition of Uniroyal Inc of the U.S. R. W. Toothill reflected vague takeover hopes with a rise of 10 to 190p, after 200p, while renewed speculative buying lifted Parkfield 13 more to 137p. Star Computer, aided by call option business, advanced 8 to 58p, while a combination of recovery and bid hopes left Manchester Ship Canal up 6 more at 380p. Dupont hardened 1¼ to 41p on news of Saville Gordon's near-7 per cent stake. Elsewhere, Press-inspired improvements of a penny or so were seen in Sutcliffe Speakman, at 48p, and D. F. Bevan, at 26p. Flexello Castors and Wheels revived 10 to 92p and Sketchley moved up 12 to 358p. Blue Arrow continued to draw strength from Press comment and finished 5 dearer at 175p. MCD added a similar amount at 10p, but Ovenstone fell 3 to 10p on concern over the South African situation.

Leisure issues remained selectively firm. Chrysalis firmed 5 for a two-day gain of 18 to 198p, while First Leisure rose 4 to a 1985 peak of 326p. Samuelson attracted further buying interest at 270p, up 5.

Lucas took a distinct turn for the better as U.S. bid rumours resurfaced and the close was a net 15 higher at 328p, after 331p. Among other Motor issues, Kwik-Fit gained 5 to 50p, after 53p, on revived speculative demand.

DRG, a perennial takeover favourite, advanced 7 to 203p aided by good first-half figures from its New Zealand subsidiary. Bunzl, often mentioned as a possible suitor for DRG, rose 12 more to 465p. Elsewhere, comment on the interim results clipped 7 from Good Relations at 225p.

The Property sector's recent strong run faltered. The onset of light profit-taking in the absence of further support left Land Securities 3 cheaper at 305p and MEPC a couple of pence off at 296p. Hammerson "A" lost 5 to 460p, but Great Portland Estates remained firm at 164p, up 2. Residential property developers continued to attract buyers on hopes that lower mortgage rates would boost business. Asda Property rose 10 to 208p, Daejan firmed 5 afresh to 485p and Mountleigh moved up 20 to 470p. Elsewhere, comment on the interim results stimulated a lively two-way business in estate agents Bairstow Eves which closed 2 higher at 97p.

Oils irregular

The oil majors virtually ignored the rise in crude prices that followed reports of Iraqi attacks on at least one of Iran's Kharg Island oil terminals. Quotations continued to trade quietly and once again settled with small irregular movements. British Petroleum were finally a couple of pence dearer at 540p, after 543p, but Shell encountered late offerings on reports of a fire at its Singapore refinery and closed 6 cheaper at 672p. Burmah, a firm market in recent days on speculative buying, softened a couple of pence to 293p, but Lasmo improved that much, to 265p. Secondary issues were dominated by the latest developments in the Saxon/Enterprise situation. Saxon, which earlier in the week moved up from 340p to 460p on the Enterprise bid approach, gained a further 35 to 510p, after 515p, on news that Enterprise had submitted a revised proposal which involves an immediate offer for the company. Charterhouse Petroleum, in the process of merging with Saxon, gained 4 to 86p on rumours that another prospective buyer for the company may emerge. Elsewhere, Carless Capel put on 6 to 151p on thoughts that the group could be the sector's next takeover target.

Golds slump

South African financial markets gave ground across the board reflecting widespread disappointment over State President Botha's inconclusive speech to the Natal Congress. This dashed hopes of any significant reforms in Pretoria's apartheid policy. Fears of a consequent escalation of civil unrest coupled with the impending strike in the Republic's gold and coal mines saw the Rand dip at one stage saw the rand dip at one stage to an all-time low against the dollar.

Conversely, bullion continued to perform well and rose $6.25 to $337.25 — its highest level since late-November of last year.

Golds opened lower in London on overnight indications from Wall Street and thereafter succumbed to persistent small selling from both Johannesburg and the Continent. As on Thursday, however, dealers reported sporadic bear covering which left selected issues above the worst.

Losses among heavyweight Golds extended to over 3 points as in Vaal Reefs, £51⅞, and Randfontein, £56½, while Buffels dipped 1¾ to £20⅝. Similar conditions prevailed in the marginals with Durban Deep 55 lower at 688p and Marievale 18 cheaper at 97p. The FT Gold Mines index fell 21.0 to 309.3 for a decline on the week of 27.9.

South African Industrials also displayed substantial losses, notably OK Bazaars, which fell 60 to 350p. Barlow Rand, 317p, and South African Breweries, 210p, gave up 23 and 28 respectively.

Johnnies were hardest-hit among Financials, closing 6 points lower at £57. Anglo American Gold fell half that amount to £50⅞, while De Beers finished 15 off at 345p. London-domiciled counters were more resilient, but Consolidated Gold Fields gave up 8 to 422p, after 420p, and RTZ dipped a couple of pence to 555p. Hampton Areas again bucked the trend, rising 4 in a thin market to 145p for a gain of 25 over the last three trading sessions.

Narrowly mixed in overnight Sydney and Melbourne markets, Australian Golds made progress in London reflecting the firm performance of bullion. Poseidon advanced 10 to 226p and Gold Mines of Kalgoorlie 12 to 565p. Sons of Gwalia rose 4 to 146p.

Traded Options had their best session for two weeks. Total contracts struck amounted to 8,517. British Telecom led the way with 1,323 calls done, the August 140's and 200's accounting for 289 and 445 trades respectively. A lively business also developed in Land Securities which attracted 691 calls. The short Gilt option contract returned to favour with 597 calls and 256 puts transacted.

FINANCIAL TIMES STOCK INDICES

	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 9	year ago
Government Secs	83.70	83.70	83.56	83.58	83.71	83.29	79.95
Fixed Interest	88.66	88.64	88.85	88.68	88.98	88.44	83.24
Ordinary ♥	974.7	976.7	966.0	959.6	964.2	960.5	838.3
Gold Mines	309.3	330.3	332.5	343.5	349.1	337.2	578.8
Ord. Div. Yield	4.83	4.82	4.86	4.88	4.86	4.87	4.22
Earnings, Yld. %(full)	11.89	11.86	11.95	12.02	11.95	11.99	11.58
P/E Ratio (net) (*)	10.36	10.40	10.32	10.26	10.32	10.29	10.38
Total bargains (Est.)	22,141	20,511	20,647	22,995	21,569	20,052	17,724
Equity turnover £m.	—	395.19	381.69	347.54	361.24	564.05	222.87
Equity bargains	—	10,056	17,894	20,012	23,018	17,888	14,237
Shares traded (ml)	—	204.5	189.5	180.0	177.2	182.8	126.5

♥ 10 am 973.6. 11 am 974.4. Noon 974.4. 1 pm 973.5. 2 pm 973.2. 3 pm 974.3 4 pm 975.3.

Day's High 975.3. Day's Low 973.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest index 01-246 8026.

* Nil—10.00.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.74 (30/7)	82.17 (28/1)	150.4 (28/11/47)	50.03 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	036.9 (15/4)	298.1 (6/8)	734.7 (15/2/83)	43.0 (26/10/71)

S.E. ACTIVITY INDICES

	Aug. 15	Aug. 14
Daily Gilt Edged Bargains	129.6	154.2
Equities Bargains	193.3	115.9
Equities Value	800.8	771.3
5 day Average Gilt Edged Bargains	186.0	156.8
Equities Bargains	196.8	122.8
Equities Value	748.1	750.2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30

For rate indications see end of Share Information Service

Call options were taken out in Ultramar, Kia Ora, John Brown, Energy Capital, Allied-Lyons, Star Computer, Oliver Prospecting, Thomas French, Martin Ford, A & G Security Electronics and Powerline. A put was done in Mellerware, but no doubles were reported.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Babcock Intl	142	+ 7	Parkfield	137	+13
Jaguar	275	—	Reed International	713	− 1
Kwik-Fit	50	+ 6	Royal Insurance	675	−17
Magnet and Southerns	160	+ 6	TI	397	− 9
Man Ship Canal	380	+ 6	Tarmac	356	+ 6
Novo Inds B	£19	− 2	Whitbread A	236	+ 5

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
TI	37	406	+55	Britoil†	13	123	+ 4
Royal Ins	17	692	−11	Novo Ind	13	£21	− 3
Acorn Cmptr	14	13	+ 1	Brit Aero	12	180	+ 2
ICI	14	657	− 2	Distillers	12	292	+ 2
Parkfield	14	124	+16	Gen Accident	12	640	−12
Smith (W. H.)	14	246	− 9	Isotron	12	222	−13

† Partly-paid

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
STC	111	88	−14	Royal Ins	72	692	+22
ICI	108	657xd	− 7	Glaxo	71	£13¼	− ¼
Britoil (Old)	100	205xd	− 5	Grand Met	71	315xd	+16
TI	99	406xd	+68	Barclays	67	393xd	+11½
Thorn EMI	95	357xd	+35½	Lloyds Bank	67	423xd	+15½
BTR	72	358	+28	BSR Intl	66	70	+ 6

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§59	F.P.	2/8	65	58	✠ATA Selection 5p	62	......	bg1.5	2.6	3.5	15.8
180	F.P.	2/8	250	225	Abbey Life 5p	249	−1	b5.5	—	3.8	—
27	F.P.	—	92	89	✠Aberd'n Steak H. 5p	92	+3	ug2.2	2.0	3.8	18.0
¶¶	F.P.	—	£20¼	£19¼	Alex. & Alex. c. $1	£20¼	......	—	—	—	—
§34	F.P.	—	37	35	Anglo Utd. Dev.	37	......	bd1.85	2.1	4.0	17.9
§135	F.P.	2/8	140	130	✠Appletree 10p	133	......	b2.5	3.8	2.7	15.1
80	F.P.	13/8	50	44½	Baillie G'fd Shin Hpn.	44½	......	—	—	—	—
—	F.P.	10/9	18	18	Do. Warrants	18	......	—	—	—	—
170	F.P.	22/8	190	165	Bradstock 5p	187	−3	bg5.25	2.4	4.0	15.0
130	F.P.	24/7	134	99	Brent Walker 10p	110	......	b3.2	2.6	4.8	10.2
375	200	10/9	223	128	British Aerospace 50p	185	+5	15.65	3.1	5.4	8.7
166	100	—	126	117	Britoil 10p	126	+3	t13.0	3.0	8.8	5.0
120	F.P.	—	150	131	CAP 10p	150	......	u1.5	4.9	1.4	18.6
§80	F.P.	—	69	77	✠CCA Galleries 10p	87	......	bg2.55	0.6	3.9	13.1
‖ ‖	F.P.	—	48	38	✠Cannon Street Invs.	38	......	—	—	—	11.7
‖ ‖	F.P.	30/8	100	96	✠CobraEmer'ldMines	98	......	—	—	—	—
§118	F.P.	—	126	116	ControlTechniques5p	125	−1	bg2.7	2.7	3.1	15.2
¶¶	F.P.	6/9	110	75	Expln. Co. Louisiana	80	......	—	—	—	—
§61	F.P.	—	92	81	✠Dean Park Hotels	81	......	—	—	—	—
§140	F.P.	8/8	160	150	✠FKB Group 5p	126	......	1.75	2.9	1.8	27.7
160	F.P.	20/7	120	95	First Security 10p	115	......	u3.0	0.6	4.3	11.4
Ir.07	F.P.	20/7	77	68	Green Property Ir. 25p	68	......	12.57%	1.5	3.8	25.7
‖ ‖	F.P.	—	460	380	✠Heavitree Brewery	385	......	10.75	1.9	4.0	18.0
‖ ‖	F.P.	—	450	343	Do. 'A' Lim. Vtg. Ord.	345	......	10.75	1.9	4.4	15.7
¶125	F.P.	9/9	250	106	Isotron	198	−24	bg1.25	3.9	0.8	41.0
§110	F.P.	—	119	98	✠Lowmar	105	+2	u2.625	3.0	3.2	15.0
**	F.P.	8/8	49½	44	London Tst. Wrrts.	49½	+1	—	—	—	—
§60	F.P.	—	72	68	✠Lysander Pet. 2p	68	......	—	—	—	—
§44	F.P.	—	64	46	✠Micha'l(J)Design 2½p	63	......	1.0	3.6	2.7	14.7
120	F.P.	26/7	113	100	Micro Scope 10p	102	......	b1.8	4.2	2.1	14.3
105	F.P.	4/9	107	90	✠Moss Advertising 5p	90	......	bg2.45	3.0	3.9	12.4
§170	F.P.	9/8	170	138	✠Pacer Systems $0.01	138	......	bg3.5c	—	2.2	—
§99	F.P.	9/8	122	102	✠Polypipe 10p	122	+7	b2.9	3.7	3.4	10.5
180	F.P.	2/8	125	23	✠Sapphire Petm. 50p	102	+5	—	—	—	—
110	F.P.	—	110	104	Tighook 10p	110	......	u3.75	2.1	4.8	11.0
§75	F.P.	—	26	74	✠Trillion 10p	25	+4	bg1.1	4.2	1.6	15.2
110	F.P.	30/8	130	117	✠Yellowhammer 5p	163	......	bg1.6	1.4	1.7	17.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
97.205	£30	—	30⅞	30	Australia 9½% Ln. 2012	30½	—
¶¶	F.P.	—	103	100	Burton 8% Cnv. Uns. Ln. 2001	101	+1
‖ ‖	F.P.	—	168	162	✠Cannon St. Invs. 7.7% Cv. Cm. Rd Pf '84-8	163	+1
60p	‖	07/9	60p	41p	Hanson Tst. 6.75% Cnv. Cum. Red. Prf.	60p	......
88.466	£30	24/1	21⅞	20¾	Incl. 8k. for Rec. & Dev. 8½% Ln. 2010	30¾	+¼
§89.855	£25	16/10	25¾	26	Keystone Invs. 11¼% Deb. 2010/15	25¾	+¼
§99.026	F.P.	23/8	100½	99	Lowland Inv. 11¼% Deb. 2010	100	+½
‖	F.P.	16/10	102	100	Macallan-Glen. 2½ Cnv. Uns. Ln. 2005	102	+1
00.705	£30	6/9	34⅞	29⅞	Malaysia 10¾% Ln. 2009	38⅛	−⅛
—	F.P.	—	100¾	100⅛	Nationwide Bldg. Soc. 11⅝% Bds. 21/7/86	100⅞	......
—	F.P.	—	100⅛	100	Do. 11⅝% Bds. 11/8/86	100⅛	......
100	F.P.	—	112¾	108½	Oldham Met. Borough 12.4% Rd. 2022	118¼	+¼
¶¶	F.P.	—	100	93	REA 9% Cum. Pref.	96	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
90	Nil	23/9	110pm	83pm	✠Applied Holographics 5p	110pm	......
150	F.P.	9/10	283	200	Bestwood 15p	283	......
25	Nil	17/9	4½	5	Brown (J.) A	4	......
6	Nil	—	2pm	¼pm	Dares Est. 6 5p	2pm	......
280	F.P.	11/10	328	305	Extel	312	......
360	Nil	—	55pm	08pm	Forshaws Burtonwood	56pm	......
183	100	28/10	123	99	Hanson Trust	121	+8
910	F.P.	4/9	080	025	Hazlewood Foods 20p	880	+35
23	Nil	24/8	6pm	3pm	Holton	5½pm	......
120	F.P.	30/8	140	123	Prestwich	140	+5
25	Nil	20/9	20pm	20pm	TACE 10p	60pm	......
400	F.P.	20/9	500	463	Glebe	500	......
260	Nil	—	60pm	35pm	✠Thermal Scientific	60pm	+5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‡‡ Introduction. ✠ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, August 15, 1985.

Sector	%	Sector	%
Insurance (Life)	+31.59	All-Share Index	+ 2.80
Office Equipment	+30.13	Textiles	+ 6.77
Telephone Networks	+25.44	Oils	+ 6.02
Packaging and Paper	+24.46	500 Share Index	+ 3.46
Stores	+23.97	Industrial Group	+ 3.35
Insurance (Composite)	+23.37	Health and H'sehold Products	+ 4.53
Newspapers, Publishing	+22.18	Property	+ 3.82
Shipping and Transport	+21.52	Merchant Banks	+ 3.64
Metals and Metal Forming	+20.07	Mechanical Engineering	+ 3.44
Brewers and Distillers	+13.43	Investment Trusts	+ 2.19
Motors	+12.64	Food Manufacturing	+ 9.67
Other Industrial Materials	+12.62	Overseas Traders	− 4.60
Financial Group	+12.29	Capital Goods	− 5.11
Contracting, Construction	+11.82	Leisure	− 3.16
Other Groups	+10.86	Mining Finance	− 7.84
Banks	+10.47	Chemicals	− 7.89
Food Retailing	+ 9.43	Tobacco	−10.96
Consumer Group	+ 2.55	Electricals	−13.42
Insurance Brokers	+ 2.12	Electronics	−24.85
Building Materials	+ 5.56	Gold Mines Index	−31.03

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (107)

BRITISH FUNDS (17)
COM'WEALTH & AFRICAN LOANS (2)
CANADIANS (4)
BANKS (2)
BREWERS (5)
BUILDINGS (10)
CHEMICALS (2)
STORES (10)
ELECTRICALS (3)
ENGINEERING (8)
FOODS (4)
INDUSTRIALS (15)
LEISURE (3)
MOTORS (1)
PAPER (3)
PROPERTY (13)
TEXTILES (2)
TRUSTS (1)
OILS (1)
MINES (3)

NEW LOWS (63)

AMERICANS (7)
Cullinet Software, IU Intl., Fluor, Sperry Corp., General Electric, Transamerica, Inalco

CANADIANS (1)
Canadian Pacific

CHEMICALS (1)
Novo Inds. B

ELECTRICALS (5)
Cranbrook Elect., Murray Tech. Invs., Grosvenor, Scantronic, Murray Electronics

FOODS (2)
Brewmaker, Carr's Milling

INDUSTRIALS (10)
AGA AB, Ovenstone Invs., Amer Group, Ramco Oil, Dover Corp., Rauma-Repola, London & Northern, Rexmore, Mitchell Cotts, Ricardo

LEISURE (1)
Viewplan

PAPER (2)
Craton Lodge, Osborne & Little, More O'Ferrall

SHIPPING (1)
Gotaas-Larsen

SOUTH AFRICANS (9)
Anglo Amer. Ind., SASOL, Barlow Rand, SA Breweries, Gold Fields Prop., Tongaat-Hulett, Messina, Unisec, OK Bazaars

TEXTILES (1)
Shaw Carpets

TRUSTS (4)
FUGIT, Mezzanine Cap. Ptg. Pf., GT Japan, Inv. AB Beller A

OILS (1)
Gt. Western Rsrs.

MINES (17)

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the Week Rises	On the Week Falls	On the Week Same
British Funds	58	11	38	323	62	150
Corpns. Dom. & Foreign Bonds	12	6	53	79	37	274
Industrials	346	231	890	1,828	1,048	4,453
Financial & Props.	126	79	347	669	353	1,738
Oils	23	29	73	113	121	391
Plantations	0	3	16	9	21	81
Mines	32	82	65	229	297	369
Others	62	71	103	323	413	485
Totals	666	510	1,584	3,572	2,354	7,931

S.E. DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—K

L—M

N—O—P

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ● Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Northern Eng. Inds. 3pcPf (£1) 34½ (13/8). 5.375pcPf (£1) 60½●. 7pcLn 2000-05 £66 (12/8). 0½pcLn 1988-93 £80 ½ (12/8). 9pcLp 1890-95 £83½ (12/8)

Didacre Hldgs (20p) 78●

Parker Knoll 9pcDb 1900-94 £81 (13/8)

Parls U.T.I 428 30

Palerson Zochonis 7½pcPf (£1) 82 (13/8). 10pcPf (£1) 118½●

Pavilion Leisure Hldgs (18p) 52 3 4 5 ½

Pearson 0pcDb 1906-91 £84 (12/8). 8¼pcLn 1988-93 £78 9 (13/8). 10½pcLn 1993-90 £93 ¼ (12/8). 10½pcLn 1993-90 £107 (12/0)

Pegler-Hattersley 7pcLn 1989-94 £71

Pentos (28p) 71 5

Philcom 8pcPf (£1) 112●

Tomkins (F. H.) 9¼pcLn 1994 £178 (14/8)

Tootal Grp 5pcPf (£1) 43 ½ 4¼. 4¼pc Db £38 (9/8). 0½pcDb 1985-90 £82¼. 7½pcDb 1985-90 £88¼ (13/8). 7¼pc Ln 1969-94 £73½ 4

Towles A Non-Vot (10p) 50 00

Trafalgar House 0pcLn 1994-99 £78 (14/8). 9½pcLn 2080-85 £80½ (14/8). 10¼pcLn 2001-06 £91½

Transport Dev Grp 0¼pcLn 1993-98 (12/8). 9½pcLn 1995-2000 (13/8)

Trinity Int (50p) 243 5

Trusthouse Forte 6.25pc1stDb 1984-89 £88½ (9/8). 10.5pcDb 1991-96 £89¾ 91 180 (14/8). 9.1pcLn 1995-2000 £07 (13/8)

Turner Newall 10.1pcDb 1990-05 £90¼. 11¼pcDb 1995-2000 £191 (9/8)

English & Scottish Investors 5pcPf £40 (12/8)

English National Invest (£1) 138. Dfd 791 89 2 4 (9/8). 9½pcDb 1991-96 £88 (13/8)

F&C Eurotrust 5¼pcLn 1990 £121 (14/8)

F&C Pacific Invest 1s 37½ 3½pcDb 1955-05 £181¼

Fledgeling Japan Inv 13 (12/0)

Fleming Far Eastern Invest Tst 4pcDb 1976-88 £92¼ (13/8)

Fleming Mercantile Invest Tst 5pcPf (£1) 43½. 3½pcDb 1960-95 £55 (13/8)

Foreign & Col Invest Tst 5pcPf (£1) 44½ (13/8)

GT Japan Invest Tst 0½pcLn 1987 £370

Gartmore Information & Fin Tst 4¼pcPf

Wrexham East Denb Water 3.5pcPf £350

York Waterworks 11pcDb 1988 £108 (9/8). 11.80pcDb 1995-97 £101¼ (14/8). 11.80pcDb (£18 Pd) 1995-97 £11 ¾ (12/8)

UNLISTED SECURITIES MARKET

A.T.A. Selection 15p) 60 3

Access Satellite Intnl (5p) 220 3 4 9

Appletree (10p) 133 (14/8)

Applied Holographics Wts to sub for Ord 155 (9/8)

Biomechanics Intnl (10p) 17½ (14/8)

CCA Galleries (10p) 08 9

Cannon Street Invst (20p) 35. 7.7pcPf

Q—R—S

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

T—U—V

Thomson Org 4.72pc1stPf (£1) 56 6 (13/8). 5.83pcPf (£1) 74. 7.7pcPf 67½ (13/8). 3pc1stDb £71 (14/8). 7¼pc Ln 1987-92 £70

Thomson T-Line 36 (12/8)

Thorn EMI 5pcLn 2004-99 £49 (14/8). 7 pcLn 1990-02 £82¼ (14/8). 7½pc Ln 2004-09 £72 (14/8). 6½pcLn 1989-1994 £84½ (14/8)

Tilling (Thomas) 4.5pcPf (£1) 54½ (13/8). 5pcPf (£1) 65½ (13/8). 5pcDb 1985-1990 £86 ¾. 8½pcLn 1989-94 £84¼

Yorkshire Jute Factory (£1) 21 (14/8)

Capital Gearing Tst 99●

Drayton Consolidated Tst 7½pcLn 1993 £240 (9/8)

Drayton Premier Invest Tst 5pcPf £43

Dundee & London Invest Tst 5pcPf £47½

Edinburgh American Assets Tst 8pcLn 1973-98 (£1) 719 (14/8)

Edinburgh Financial Tst 11½

Edinburgh Invest Tst 3.55pcPf £45. 11½pc Db 2914 £105½ (12/8)

English & Intntl Tst 19¾pcDb 2914 £95½ (12/8)

MINES—MISC.

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(None)

(By permission of The Stock Exchange Council)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Confederation Life Insurance Co.
50, Chancery Lane, WC2A 1HE. 01-242 0282

Life Funds				
Managed Fund	473.5	498.4	...	—
Equity Fund	523.6	551.1	...	—
International Fund	180.5	190.0	...	—
Fixed Interest Fund	164.3	172.9	...	—
Property Fund	118.6	124.8	...	—
Index Linked Fund	108.2	113.8	...	—
Cash Deposit Fund	118.7	124.9	...	—
PIP Fund		1,378.4	...	—
Individual Pension Funds				
Personal Pens Managed	276.8	291.3	...	—
Staffguard Managed Pen	276.8	291.3	...	—
Group Pension Funds				
Group Mngd Pension	—	776.3	...	—
Equity Pension	—	1,127.1	...	—
International Pension	—	235.0	...	—
Fixed Interest Pension	—	636.4	...	—
Property Pension	—	463.9	...	—
Index Linked Pension	—	120.8	...	—
Cash Deposit Pension	—	156.5	...	—

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN. 01-680 5225

Equity Acc	231.8	244.0	...	—
Property Acc	208.8	219.8	...	—
Int Acc	172.1	181.2	...	—
Managed Acc	206.5	217.4	...	—
Spec Sits Acc	165.0	173.7	...	—
Investment Tst Acc	101.5	106.9	...	—
Pen Int Acc	179.9	189.4	...	—
Pen Prop Acc	261.9	275.7	...	—
Pens Equity Acc	333.2	350.8	...	—
Pen Mand Acc	226.7	238.7	...	—
Pens F & C Man Acc	101.6	107.0	...	—
Pens Inv Trust Acc	120.7	127.1	...	—

Prices for other funds available on 01-577 8682.

Cornhill Insurance PLC

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV $11.58

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. .... $13.31 ... +0.08
Inc. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech $9.28
Dynamic Gwth Fd. $8.32

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.55	—	—	3-Mth
The Money Market Trust 63 Qu Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.49	8.59	12.72	6-mth
7-day Fnd	11.42	8.54	12.64	6-mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.44	8.55	12.58	6-Mth
7-day Fund	11.37	8.50	12.51	6-Mth
Dollar	7.25	—	—	6-Mth
Money Mngt. Acct.	11.125	8.31	12.42	3-Mth

Money Market Bank Accounts

	Gross	Net	Cr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc	11.25	8.00	11.93	Qr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	11.375	8.50	12.70	Qr
Mgt. Int. Chq.	11.25	8.43	12.68	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.33	Qr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.32	11.7101	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.25	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	9.00	13.30	Qr

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	
Allied-Lyons	16
BAT	32
BOC Grp	25
BSR	16
BTR	32
Babcock	14
Barclays	48
Beecham	32
Blue Circle	45
Boots	15
Bowaters	28
Brit Aerospace	33
Brit. Telecom	11
Brown (J.)	3
Burton Ord	39
Cadburys	14
Charter Cons	18
Comm Union	19
Courtaulds	12½
Debenhams	17½
Distillers	28
FNFC	8½
Gen Accident	45
Gen Electric	17
Glaxo	85
Grand Met	25
GUS 'A'	60
Guardian	60
GKN	17
Hanson Tst.	17½
Hawker Sidd	38
ICI	60
'Imps'	18
Jaguar	28
Ladbroke	24
Legal & Gen	50
Lex Service	28
Lloyds Bank	45
Lucas Inds	25
Marks & Spencer	11
Midland Bk	30
NEI	8
Nat West Bk	60
P & O Dfd	36
Plessey	17
Polly Peck	26
Racal Elect	18
RHM	11
Rank Org Ord	32
Reed Intnl	50
Sears	8
TI	20
Tesco	20
Thorn EMI	35
Trust Houses	13
Turner Newall	10
Unilever	85
Vickers	19
Property	
Brit Land	12
Cap Counties	18
Land Secs	25
MEPC	28
Peachey	22
Samuel Props	14
Oils	
Brit. Oil & Min.	4
Brit Petroleum	42
Burmah Oil	18
Charterhall	6
Premier	5
Shell	60
Tricentrol	18
Ultramar	19
Mines	
Cons Gold	44
Lonrho	14
Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101	[illegible]	[illegible] 12¼pc 1985	100	+1/32	[illegible]	10.87
101	[illegible]	[illegible] 11¾pc '86	100½xd	.....	[illegible]	10.66
99½	[illegible]	Treas. 10pcCnv 1986	99½	+1/16	[illegible]	10.73
95⅝	[illegible]	Treas. 3pc 1986	95	+1/16	3.1	9.41
100	[illegible]	[illegible] 10½pc Cv '86	99	.....	[illegible]	10.67
101⅞	[illegible]	Treas. 12pc 1986	101	.....	[illegible]	10.39
98	[illegible]	Treas. 8½pc 1984-86‡‡	98¼	–1/16	[illegible]	10.41
105	[illegible]	Exch. 14pc 1986	103⅝	.....	[illegible]	10.60
93¼	[illegible]	Exch. 2½pc 1986	93¾	+1/16	2.67	7.78
104	[illegible]	Exch. 13¼pc 1987	103½	.....	[illegible]	10.48
99	[illegible]	Treas. 10¼pcCv '87	99½	+1/16	[illegible]	10.59
92¼	[illegible]	Exch. 2½pc 1987	92¼xd	+⅛	2.71	8.02
99	[illegible]	Exch. 10½pc 1987	99	.....	10.53	10.68
94	89	Funding 6½pc '85-87‡‡	94	+1/16	6.90	10.28
99	[illegible]	Treas. 10pc 1987	98	+1/16	10.11	10.62
90	[illegible]	Treas. 3pc 1987	90⅝	.....	3.32	8.58
102	[illegible]	Treas. 12pc 1987	102½	.....	11.71	10.64
94⅝	[illegible]	Treas. 7¾pc 1985-88‡‡	94⅝xd	.....	8.19	10.27
99¼	[illegible]	Exch. 10½pc '88	99¾	+⅛	10.53	10.58
97	[illegible]	Treas. 9¾pc Cv '88	97	+⅛	9.97	10.64
86¼	80	Transport 3pc '78-88	86	.....	3.48	8.53

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or –
22¾	16¼	Amer Medical Int $1	17⅝xd	–⅛
20⅝	14⅝	American T. & T. $1	14⅞	+¼
79½	62⅝	Ameritech $1	64¾	–⅛
25	16	Amfac‖	18¼	.....
47p	27p	♦AridTech‖	28p	.....
18½	11⅝	Bankamerica $1.5	11⅝xd	–⅛
60½	47	Bankers N.Y. $10	48⅝xd	+¼
12¼	627p	BASIX Corp.	627p	.....
80⅝	61½	Bell Atlantic $1	63⅝	–⅛
34⅝	28	Bellsouth $1	28¾	+⅛
19¾	11⅞	♦Beth Steel $8	12⅝	+⅛
24	16⅞	Bowater Inc.	16⅞xd	.....
40½	31⅝	Brown'g-Fer. 16⅔c	36¾	+¼
37¾	25¾	Brunswick Corp‖	26½	–⅛
525p	204p	♦Business Computer	213p	–20
39⅞	29⅛	CPC Intnl. 25c	31xd	+¼
25	18⅝	CSX Corp U.S.$1.00	19⅝	+⅛
19¼	13	CalFed Inc $1.00	16xd	+¼
32⅝	25	Campbell Soup 30c	27	.....
31¾	24⅞	Caterpillar Tractor‖	25½xd	–⅛
902p	551p	Cenergy Corp. 25c	581p	+17
52¼	39⅝	Chase M'hgn $12.5	39⅝xd	.....
38¼	28⅝	Chemical New York	28½	+⅛
34½	22⅝	Chesebrough-Pond's $1	24⅝	+¼
32⅛	24⅞	Chrysler $6¼	25⅝	+⅛
42¼	32⅝	Citicorp $4	33½	–⅛
10¼	788p	CityFed Fin. Corp.	10⅛	.....
23½	18⅝	Colgate-P. $1	19¼	–⅛
57⅝	42	Colt Inds. $1	42⅝	–⅛
155p	40p	Cont Illinois Hldgs $1	63p	.....
238p	100p	♦Corporate Data Sciences	115p	+1
36¼	26⅝	Crown Zell. $5	27⅛xd	.....
44⅞	15	Curtiss Silver $0.1	13	–¼
506p	248p	Damson Oil 40c	268p	–10
29	18⅛	Dana Corp. $1	18⅝	+⅛
67	22¼	Data General‖	26	.....
77p	24p	♦Derma-Lock Medical	24p	.....
67	52⅞	Dun & Bradstreet $1	54xd	–1
55½	37¾	Eaton Corpn. 50c	39½	–⅛
46½	36⅝	♦Exxon‖	37	.....
20¼	12⅛	FPL Group $0.01	18⅛	.....

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

1985 High	1985 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
48	28	♦Malanet Hldgs 10p	40	+3	—	—	—	♦
390	202	Man. Ship Can. £1	380	+6	5.5	3.5	2.1	20.0
104	70	Marley	76	+1	3.75	2.2	7.0	9.2
107	52	Marling Ind. 10p	88	......	1d3.0	♦	2.1	♦
74	36	Marshall L'xy. 'A'	73	......	2.4	4.9	4.7	5.2
77	58	Marshall's Universal	59	–1	2.0	1.4	4.8	(18.7)
86	78	Do. 7½pcCnRedPf £1	82	......	7½%	—	13.1	—
For Martin-Slack see Dean Park Hotels in Recent Equities								
£99	£81	♦Mathesons 7¼%	£99	......	Q7¼%	2.3	17.9	—
35	26	♦Maxiprint 1p	28	......	—	—	—	—
490	375	Metal Box £1	485	–2	17.25	3.1	5.1	7.5
170	119	Metal Closures	152	......	6.7	2.0	7.5	8.2
17	3	♦Metal Sciences 2½p	8	......	—	—	—	—
104	73	♦Midland Marts	90	+3	4.0	♦	6.3	♦
83½	58	Mitchell Cotts	58	–1½	14.0	1.5	9.9	8.3
230	182	Morgan Crucible	192	–1	8.0	1.6	6.0	13.3
32½	22	♦Morris (W) F.A. 20p	28½	+½	g0.5	♦	2.5	♦
110	91	Moss (Robt.) 10p	104	–1	3.0	2.5	4.1	11.5
81	68	Myson Grp 10p	69	......	g2.5	3.4	5.2	13.1
328	214	♦NMW Computers	285	+20	h4.6	2.7	2.4	21.9
43	28	Nash Inds.	30	......	‡2.5	1.5	‡	6.9
48	18	Neil & Spencer 10p	19	......	♦	—	—	3.7
44	14½	Newman Inds 10p	35	......	—	—	—	(16.6)
41	28	Nolton	30	......	—	—	—	—
183	146	Norcros	175	–1	0.17	4.5	5.6	5.8
67	50	Nu-Swift 5p	52	......	8.6	2.2	7.8	8.7
111	68	Oakwood Grp	98	......	3.0	1.6	8.2	10.0
232	150	Office & Elect	232	+2	1d4.5	1.4	6.6	(14.9)
108	75	Oldacre 20p	77xd	......	7.5	2.4	4.6	12.7

LEISURE—Continued

1985 High	1985 Low	Stock	Price	+ or –	Div Net	C'vr
52	7	♦Entertain Prod 5p	7	......	‡2.75	2.1
78	50	Fairline Boats 10p	75	......	†2.63	2.6
326	228	First Leisure £1	326	+4	†6.5	2.0
69	31	GRA Group 5p	56½	......	—	—
32	25	Grampian TVA 10p	25	......	h1.67	♦
147	117	HTV Non/Vtg.	142	–1	H7.0	2.9
148	95	Horizon	125	......	¢4.4	3.6
184	90	Insight	158	–2	2.5	6.5
134	102	Intasun 10p	127	......	4.8	3.1
33	4½	♦Intervsn Video 10p	5½	+½	—	—
232	170	Juliana's Hldgs 2p	175	–2	2.0	1.8
283	217	LWT	283	......	14.4	2.3
30	25	♦Leisure Inv 10p	30	+2	—	—
65	55	Leisuretime Int 10p	56xd	......	†2.1	3.9
For Magnet Ag M see Chrysalis						
183	153	♦Media Tech Int 20p	172	......	‡2.58	3.9
200	124	Miedminster 10p	160	–1	†4.65	2.6
280	175	♦Miss World 10p	200	+5	3.6	4.1
127½	70	Nationwide Leisure	74	......	Q3.75	2.5
39	15	♦Nimslo Int 20c	18	......	—	—
24¼	19½	♦Owners Abroad	22	+1	1.0	2.2
53	38	Photax (Lon.)	40	+2	—	—
24½	21	♦P'dilly Radio NV 5p	22xd	......	1.87	1.1
90	30	♦Pineapple Dnc St 10p	35	......	d1.5	1.2
250	183	Pleasurama 5p	250	+3	¢4.6	3.7
124	109	Do. 7pcCvCnRedPf	123xd	–1	7%	—
96	77½	♦Pres Entertain 50p	98	+1	g2.0	2.1
65	28	♦Radio City 'A' NV	33	+1	‡5.6	0.9

MINES—Continued

1985 High	1985 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
120	65	♦Colby Res Corp	70	......	—	—	—
550	287	Cons. Murch. 10c	287	–38	†Q100c	1.4	11.9
48	24	♦Emess Int. Ir10p	25	......	—	—	—
215	115	Hampton Areas 10p	145	+4	3.75	0.9	3.5
260	135	♦Highwood Res.	170	......	—	—	—
£22½	£17½	Homestake Mining $1	£19	–⅞	Q20c	—	7.6
310	190	♦McFinley Red Lake	245	–10	—	—	—
335	195	♦Musto Explorations	325	–5	—	—	—
55	23	♦New Sabina Res C$1	48	–2	—	—	—
375	245	Northgate C$1	290	+5	—	—	—
685	533	RTZ	555	–3	20.0	2.7	5.1
£145½	£1[illegible]	Do. 9½pcLn '95-2000	£123½	......	Q9½%	14.0	(7.8)
£141½	£30	♦Tara Explrn $1	£20¼	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

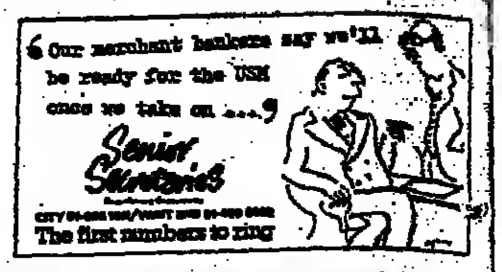
REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	96	......	Arnott	180	......
Craig & Rose £1	700	......	CPI Hldgs	62	+5
Finlay Pkg. 5p	61	......	Carroll Inds.	146	......
Higsons Brew.	295	......	Dublin Gas	70	......
Holt (Jos) 25p	730	......	Hall (R. & H.)	50	......
IoM Stm. £1	85	......	Heiton Hldgs.	19	......
IRISH			Irish Ropes	46	......
Fund 11¼% 1988	£101¼	......	Jacob (W.& R.)	80	......
Nat. 9¾% 84/89	£97⅞	......	Unidare	95xd	......
Fin. 13% 97/02	£118⅝	......			

"Recent Issues" and "Rights" Page 12

FINANCIAL TIMES
Saturday August 17 1985



French cool over Greenpeace row

David Marsh takes to the Paris streets to study the effects of the Greenpeace affair on the city

THERE WAS no obvious sign of the French secret aervice, nor the CIA, KGB or MI6 yesterday morning in a dusty sida street near Notre Dame cathedral. But 150 journalists and cameramen were on band to sweat and curse their way into a smail room containing 10 chairs to bear Mr David McTaggart, head of tbe Greenpesce ecologist orgaoisatioo, deliver a statesmanlike summing-up of an affair which has blown up in the French Government'a face.

After President Francois Mitterrand ordered an inquiry 10 days ago into last montb's sinking in Auckland barbour, New Zealand, of the Greenpeace flagship Rainbow Warrior, there seems no doubt that the Direction Generale de la Securite Exterieure (DGSE), France's foreign intelligence agency, was involved.

Yet while the events surronoding the bombing could do serious political damage to M Mitterrand's government and to France's international standing, the isaue aeems to raise little more than a yawn from tbe average French man in the street.

An informal Financial Times lunchtime poll in Paris yesterday showed that only three out of 10 people randomly interviewed had any real interest

"That's politics, we're not interested," was the reply from one young couple who looked like ecologists, stroking rabbits at a petsbop beside the Seine not noted for kindness to animals.

"I'm not shocked, all governments are like that," said a middle-aged man in dark glasses who might have made it as a double-agent in one of the more lurid Paris press investigations thia week.

A red-baired young lady with two fluffy dogs spoke with typical Frencb flair: "I'm not shocked that the Government could be involved, only that they doo't come clean straight away."

At the Greenpeace press conference, in a room lined with shelves of files on wbales, dolpbins, seals, chemical pollution and the like, Mr McTaggart, not surprisingly, did not see things that way. He was ahocked and amazed that the Government might be involved.

Mr McTaggart, announcing that Greenpeace's campaign against French nuclear tests in the South Pacific was to be intensified, said he could bardly believe his organisation could be handed such a blg propaganda weapon: "It's bizarre. When our boat was sunk, people said it could be the French Government. I said it couldn't be the French Government. They couldn't be tbat stupid."

Mr McTaggart, a Canadian wbo looks like a slightly more worrier version of David Niven, knows that practically everyone says it was the French Government — except the French Government.

Le Monde, a newspaper more cautious than others about jumping to conclusions, summed up its findings yesterday afternoon with a front page headline which, for once, avoided the conditional tense: "The DGSE is at the origin of the attack against Greenpeace."

Two detailed reports pointed to links between the alleged DGSE agents imprisoned in New Zealand and the crew members —also thought by New Zealand police to be DGSE agents—of the mysterious sailing boat Ouvea believed to have carried out the bombing.

More in sorrow than in anger, Mr McTaggart said that, if the Frencb Government were involved in sinking the ahip, then the president waa responsible.

Pending the outcome of the inquiry, Mr McTaggart said he was making up his miod whether to launch an action against the Government in the UK, Netherlands, Portugal (from whence came the Greenpeace photograpber killed In last month's explosion), New Zealand or France.

British airlines to check 747s

By Lynton McLain

BRITISH airlines opearting the Boeing 747 Jumbo jet have been directed by the Civil Aviation Authority to carry out "precautionary inspections" of the tail fin area, besides routine inspections.

The decision affects Britisb Airways, British Caledonian Airways and Virgin Atlantie Airways, which have a total of 31 747s. It follows the crash of a Japan Airlines jumbo on Monday with the loss of 520 lives.

The safety measures bave to be carried out within 10 days snd concentrate on four areas on or around the tail fin of tha 747.

The decision to concentrate the additional safety inspections on the tail fin areas comes after parts of the fin of the Japanese 747 were found in the sea more than 50 miles from the site of the crash.

The authority emphasised that the action was precautionary. "No inherent airworthiness defect with the aircraft type has been established at the present time," it said.

British Airways has 28 jumbos, British Caledonian has two and Virgin Atlantic one.

British Airways said last night: "We bad atarted doing these checks. When our engineers learned that the tail area of the plane seemed to be involved, they decided not to wait for an official decision.

"For the last couple of days we have been checking all our jumbo's as they came into London." The inspections take six to eight hours for each aircraft.

British Airways has enough spare 747s to avoid disruption to services.

"It will only take a few days and so far we bave found no problems," the airline stated.

BCal bad already decided to examine the relevant parts of its 747s, baving received a Boeing information notice to jumbo operators yesterday, arising from the crasb in Japan.

The two BCal aircraft are to operate their services between Gatwick and New York, and Gatwick and Nigeria, as normal this weekend.

The airline is to start the additional inspection on Monday morning. This work is likely to involve taking off the rear roof of the aircraft to gain access to the fin area.

Virgin said its 747 would be checked by BCal, which is responsible for its maintenance.

Carla Rapoport in Tokyo writes: The flight recorder of the Japan Airlines jumbo was badly damaged. More time than had been expected may be needed for proper analysis of its data, Japan Airlines executives said yesterday.

Ministry of Transport officials bere are considering a theory which involves the malfunction of the 747's pressurised bulkbead, at the rear of the cabin behind the lavatories. This bulkhead, whicb fits into the fuselage like a plug, may have been ruptured, and this could have caused the loud bang beard by one of the survivors.

The consequent release of pressure from the interior of the aircraft could then have contributed to the damage of the vertical stabiliser and rudder of the 747, these parts baving broken up before the crash.

THE LEX COLUMN

Evered moves in a mysterious way

The emergence of Evered as a potential bidder for TI Group is the silly season story par excellence. The scale of the undertaking is fanciful enougb in itself, since Evered's capital employed is less than 10 per cent of the £350m which TI sported in its last balance sheet. But at least as remarkable as the audacity of the enterprise is the manner in wbicb it has been condncted. By making steady purchases in the open market — this week Evered and its friends brought their bolding up to 20 per cent—the prospective bidder has driven the TI price to a quite lndicrous level. At last night's 397p, it exceeded even book asset value.

Evered may be hoping that a genuine bidder will emerge to relieve it of its shares at a profit. But it is bard to imagine that anyone would pay more than the current price to take control of TI. Lord Hanson and Sir Owen Green presumably looked at it when the price was less than a quarter of its current level and found the proposition unappealing even then. It must be open to doubt, for example, whether any management—however gifted—could make more than a marginal return ont of the business of manufacturing bicycles in the UK.

The alternative hypothesis — that Evered wants to buy the business itself — is equally bizarre. The group would clearly need to offer a substantial amount of paper, either directly or through an underwritten cash offar, and it is far from certain that the institutions would buy it. Given the relative size of the two companies, they would effectively end up with more unweicoma TI paper.

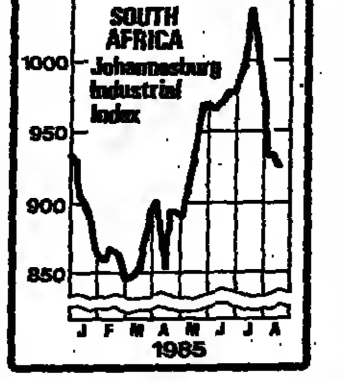
Their attitude might change if Evered could establish that it would be a highly effective manager of TI's assets. But even Evered could not claim to have the requisite management depth or experience for the purpose. So the market has been driven back upon vague talk of a consortium bid involving Saudi interests. This at least avoids the main issues. Evered may have a clear strategy but it appears from its actions to bave been struck with midsummer madness.

Fraser/Burton

Now that all the principals in the Debenhams drama are probably sunning themselves on the Cote d'Azur, the last knot has been tied by House of Fraser's acceptance of Burton's casb offer. The option of taking sbares and exercising a muscular 10 per cent stake in Burton presumably dld not in the end seem worth the carrying cost. As it is, Fraser should manage to ahow a small profit on its bid-arbitrage account this year, without giving up any plausible co-operative opportunities; Burton's gratitude to Professor Smith for making a graceful exit could yield more bargaining leverage than the most irritating minority holding.

The Burton sub-underwriters who are providing the cash may not think that this accommodation is quite such good valne; but the shares no longer look vulnerably expensive at 448p. When the rest of the sector is trading on a multiple of 15 times expected 1986 earnings, Burton's likely fully diluted earnings of around 35p a share imply a comforting discount.

Index fell 2.0 to 974.7



South Africa

While newspaper beadlines remind us of violence in the streets of Port Elizabeth, the collapse of the rand is quietly undermining any immediate prospects of recovery in the South African economy. Yesterday, after President Botha's speech had promised no radical reforms, the rand opened 6 cents down against the dollar and only recovered 2 cents on the day to close at 41½c.

A few months ago, corporate profits had looked as if they might start to pick up after two fairly flat years. But that rested on the assumption that inflation and interest rates would fall. Now, with the rand 20 per cent below its April level, there seems little chance of a let-up in either the 16 per cent inflation or the 21 per cent prime rate. Many South African companies are highly-geared, and those which tried to escape expensive domestic rates by borrowing abroad have been even worse hit by exchange rate losses. Consumer spending, meanwhile, is falling, with car sales down by nearly half compared with last year. Only exporting companles and gold mines (when they are not on strike) are happy with the rand's demise.

Despite all this, the industrial sector yields just 5 to 6 per cent, 10 points below the return on Government securities. And historic multiples of around 9, even after the index's fall in the last month, bardly betoken an oversold market. With interest rates likely to remain high, it would not be surprising if companies turned to the stock market to refinance their burden of debt. While domestic institutions with no choice abont where to invest may underpin the market, foreigners should consider the political and currency risks. At these prices, South African industrial shares offer far too little reward.

Inflation

It is not easy to see why a summer glut of watery tomatoes should belp restrain the autumn wage round, but the Government can scarcely be blamed for making the most of weak summer food prices; a drop in the retail price level, however small, has not come their way for a while. If it encourages smaller wage demands, closer to the rate of productivity growth than has been usual of late, the break in price trends could prove decidedly useful in its timing. Coming slightly ahead of schedule, moreover, the slowing of inflation is a modest bonus for conventional gilt-edged since not even the pessimists now fear an inflation rate much over 5 per cent in the early months of next year.

As the favourable outlook still depends on the authorities not rocking the exchange rate by relaxing interest rates, the amount of mileage for gilt-edged must be limited; and in any case, the falling rate of inflation has already been fairly fully discounted. Although there is a short-term hope for more stable oil prices, and the probability of belp from a falling dollar over the next few months, there is nothing to make anyone anticipate declining inflation beyond the next election. And if a plunge into the conventional long end is only for gamblers, the running returns on index-linked look a little too weedy to attract any but long-term inflation pessimists.

Strength in sterling continues

By Philip Stephens

STERLING turned in another strong performance on foreign exchange markets yesterday reinforcing optimism in London financial markets on the outlook for interest rates as the dollar fell to its lowest level for a year.

The U.S. currency was undermined by further evidence that the pace of U.S. economic growth was slowed significantly. It has lost around 2 per cent of its value over the week.

Its trade-weighted index yesterday, calculated by the Bank of England, fell 0.6 points to 135.9, the lowest since August 1984.

The pound closed in London at $1.4005, 0.45 cents higher than on Thursday, and more than 4 cents higher than at the beginning of the week. The sterling index rose by 0.3 points to 82.2.

Sterling's strength and interest rate cuts in West Germany have rekindled hopes of a further cut in British interest rates, in turn boosting share prices on the London Stock Exchange.

The Bank of England continued to signal that it will resist an early fall in borrowing costs because of the need to maintain downward pressure on inflation and the current volatility of financial markets.

Soon after the last balf point cut in base rates to 11½ per cent at the end of July, sterling was hit by s rebound in the value of the dollar and by worries over oil prices, reinforcing the authorities' cantion.

There is growing speculation, however, that if the dollar continues its downward trend in coming weeks the Government could sanction a further small drop in rates.

Share prices ended mixed in London yesterday, but were still sbowing strong gains on the week. The FT Ordinary share index closed at 974.7, 15.2 points higber than on Monday, to bring its rise over the past three weeks to 63.7.

Fraser to sell Debenhams stake

BY CHARLES BATCHELOR

HOUSE OF FRASER, the Harrods department store group which tried to block Burton's £566m takeover bid for Debenbams is to sell to Burton the 26.1 per cent stake it built up during the battle.

Fraser's decision to bow out gracefully removes the last major obstacle to Burton consolidating its takeover of Debenhams. Burton gained control of the atores groups two weeks ago, but if Fraser bad kept its Debenhams shares it could have been a thorn in Burton's side.

Fraser is believed to have made only a small net profit—of about £2m—on its sbare holding, which waa valued at nearly £144m under the terms of the Burton cash offer.

Its decision to take the casb rather than Burton shares, which would have left it as a minority share bolder in Burton, was intended as a further gesture of conciliation to Burton. With no interlocking shareholdings the two companies will come unencumbered to any future co-operation deals.

A delighted Mr Ralpb Halpern, Burton's chairman, said yesterday: "In our discussions with House of Fraser we have made it clear that we will, in due course, look for ways in which we can co-operate with them in certain areas of activity.

"The acceptance of our offer by House of Fraser provides an excellent start to the future relationship between our two groups."

Possible areas of future co-operation between Burton/Debenhams and House of Fraser are:

- Exchanging store sites when the retailing formula of one group might work better on the site owned by the other group. There are at least a dozen sites where this might be possible.
- Making use of the respective retailing strengths of the two groups. Burton/Debenhams' strengths are in the clothing and fashion fields while Fraser is stronger in cosmetics and furniture.
- Combining distribution and warebousing activities to achieve cost savings.
- Combining Debenhams' Welbeck consumer finance business with the Burton and Fraser charge card operations.

Both sides stressed that Burton was still in the early stages of assessing its Debenhams acquisition and any co-operation with Fraser was some time away.

Debenham's shares fell 1p yesterday to 324p. Burton's fell 7p to 448p.

Kharg jetty escapes in Iraq raid

BY RICHARD JOHNS

THE MAIN loading jetty at Kharg Island, Iran's main oil export terminal, was left unscathed by Thursday's Iraqi air raid, but an older installation was put out of action.

The attack was made by two waves of four aircraft each. The 142,000 dwt tanker Torril, Norwegian-owned and Maltese-registered, was set on fire but the flames were put out within 30 minutes.

There was no confirmation of reports that other vessels were hit or that the Kharg Island control room, used to measure flow of oil pumped into tankers, was damaged.

A Somali seaman was quoted by Associated Press as saying that bis Panamanian-registered freighter Ogol was hit and had been abandoned. The vessel is not listed io Lloyd's Register.

At least ooe of 10 berths at the other "T" jetty, which cannot handle ultra-large crude carriers, was hit. It was not clear whether the main structure was damager, but informed industry observers said some of the crude pipelines would have to be replaced.

Iran's state media acknowledged that there was an attack on Kharg Island, and claimed one Iraqi aircraft shot down. It made no reference to damage.

It was only the second low-level air strike on the island, on which Iran is almost entirely dependent for maintenance of oil exports and foreign exchange earnings, since the war began nearly five years ago.

The first, in June, 1984, eliminated balf the capacity of the main Sea Island terminal, or "H" jetty. It remains unrepaired but Iran bas maintained the flow of oil allowed by its quota under the Organisation of Petroleum Exporting Countries' production pact. This stands at 1.5m-1.6m barrels a day after allowing for domestic requirements.

The National Iranian Oil Company assured customers that there would be no interruption in supplies. Most of its exports are shipped from Kharg Island by ultra large crude carriers chartered by the National Iranian Tanker Company.

They are moved for transshipment to Sirri Island, which is beyond the range of Iraqi aircraft.

Iran can export up to 200,000 b/d of oil from offshore fields. These are moved from Lavan Island, out of Iraqi range.

There is a single mooring bnoy foir the offshore Cyprus field, wbere output bas been suspended. This is, or could be, linked to mainland supplies.

Marine stalvage experts in the Gulf were quoted as saying that damaga was extensive. In industry circles scepticism was expressed last night about reports of devastation.

Iraq claimed that the raid, launcbed on the eve of Iran's presidential election, destroyed the terminal.

Air-Marshal Hameed Shaaban, Iraqi Air Force commander, said that his pilots were ready to make more raids on Kharg Island.

Background, Page 2

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Laker

was offered to Mrs Joan Laker, Sir Freddie's first wife, aod a 10 per cent shareholder in Laker Airways. She began the week supporting Sir Freddie's appeal, but withdrew her opposition yesterday morning and has sold ber sharebolding to BA in exchange for the $50,000 payment.

Sir Nicholas's ruling had been foreshadowed on Monday, when Judge Harold Greene—presiding over the case in Washington—said he fully supported the settlement. He added that he thought it would be perfectly appropriata for tha English court to be infinenced by hla view. "They sbould be more influenced by that than Sir Freddie's self-serving statements which do not correspond entirely to reality," said Judge Greene.

Rand falls

Continued from Page 1

time of crisis, the state president, in addressing the world at large, was not more specific in pointing tbe nation more positively in the direction of reform and national reconstruction."

A front page editorial in the Johannesburg newspaper Business Day was sharply critical. It said: "Botha has refused every reasonable sppeal to consult with black leaders . . . if [he] cannot perform better than this . . . then we believe the time bas come for him to depart."

Yesterday's collapse of the rand renewed fears that exchange controls, which have been gradually relaxed since 1983, would be tightened. The fears were not quelled by an assurance by Mr Barend Du Plessis, the Finance Minister, that no such move was being considered.

Fears for the rand bave heightened in recent weeks as leading foreign banks clearly stated their lack of confidence in South Africa. Two weeks ago, Chase Manhattan's decision not to roll over loans to South African private sector borrowers battered confidence, which was further weakened by Barclay's announcement this Wednesday of plans to reduce its South African interests.

The South African Reserve Bank, under the governership of Dr Gerhard de Kock, has championed relaxation of financial and foreign exchange restrictions and established a policy of intervening in foreign exchange markets only to dampen sharp exchange rate movements and not to alter fundamentsl trends.

Tutu hint

Continued from Page 1

"punitive sanctions" if fundamental changes were not made in apartheid within 18 to 24 months. "I may now have to seriously reconsider the timetable."

In the U.S. Mr Botba's failure to announce major reforms acted to solidify support for U.S. economic sanctions and further undermined President Reagan's controversial policy of "constructive engagement."

In spile of the Administration's gusrded wait-and-see initial reaction to Thursday's speech, officials yesterday privately confessed to disappointment that Mr Botha bed not come forward with more specific and far-reaching proposals for ending apartheid.

Sanctions supporters said the speech had made them even more convinced that saoctions must be introduced as aoon as possible.

Mr Tip O'Neill, the Democratic House Speaker, described Mr Botha's speech as a "big zero."

Democratic Senator Edward Kennedy of Massachusetts said that Mr Botha had "dashed ail real hope the South African Government is ready to change its racist ways."

The House of Representatives has already overwhelmingly approved the sanctions Bill. Once the Senate has given its expected approval, Mr Reagan will face the difficult choice of compromising his policy and his principles by signing it, or provoking a major political uproar by vetoing it. He will be most reluctant to try to block the Bill if it looks as if he cannot sustain a veto in Congress, and there are indications that the two thirds majorities of both Houses needed to override a velo would be easily attainable.

The West German and Dutch governments expressed disappointment and Denmark and Sweden joined the chorus of criticism. Australia declared that its government would proceed on Monday with s formal endorsement of sanctions.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:				Star Computer	58	+	8
Treas. 13pc 2000	£118¾	+	¼	Toothill (R. W.)	190	+	10
BBA	104	+	8	Wagon Finance	72	+	7
Babcock Intl.	142	+	7	FALLS:			
Body Shop Intl.	730	+	57	Avaoa	575	−	10
Buckley's Brewery	79	+	7	BSR Intl.	65	−	5
Courts (Frnshrs) A	140	+	18	BTR	348	−	10
DRG	203	+	7	ICI	650	−	7
Evered	260	+	7	Isotron	198	−	24
First Natl. Fin.	123	+	8½	Jo'burg Cons.	£57	−	6
Lucas Inds.	328	+	15	Marievale	97	−	18
Magnet & Southerns	160	+	6	OK Bazaars	350	−	60
Parkfield	137	+	13	Plessey	148	−	6
Pilkiogton Bros.	280	+	15	S.A. Land	143	−	18
Redland	304	+	8	TI	397	−	9
Saxon Oil	510	+	35	Vaal Reefs	£51½	−	3¼

WORLDWIDE WEATHER

UK today: Cloudy: rain spreading North-east from the South-west, sunny intervals elsewhere. Fog patches.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	Corfu	S	36	97	Luxmbg.	F	21	70	Peking	C	29	84
Algiers	S	31	88	Dallas	F	23	73	Madeira	S	25	77	Perth		—	—
Amsdm.	C	17	63	Dublin	F	17	63	Madrid	S	30	86	Prague	S	26	79
Athens	S	32	90	Dbrvnk.	S	32	90	Majorca	S	32	90	Rykjvk.	C	11	52
Bahrain	S	36	97	Ednbgh.	R	14	57	Malaga	S	28	82	Rhodes	S	29	84
Barcina.	S	27	81	Faro	S	24	75	Malta	S	34	93	Rio J'o		—	—
Beirut		—	—	Florence	S	33	91	M'chstr.	F	18	61	Rome	S	30	86
Belfast	C	16	61	Frankft.	C	20	68	Melbne.	C	13	55	Salzbrg.	S	28	82
Belgrd.	S	32	90	Geneva	S	26	79	Mx. C.†		—	—	S'ciscot	R	13	55
Berlin	C	19	66	Gibrltr.	S	28	79	Miami†	S	27	81	Singapr.	F	30	86
Biarritz	F	22	72	Gl'sg'w	R	13	55	Milan	S	30	86	S'tiago†		—	—
Bmghm.	R	18	61	G'nsey	C	15	59	Montrl.†	S	18	61	Stckhm.	R	16	61
Blackpl.	C	15	59	Helsinki	S	22	72	Moscow	S	24	75	Strasbg.	F	25	77
Bombay	R	25	77	H. Kong	R	25	77	Munich	S	27	81	Sydney	S	18	65
Bordx.	F	22	72	Innsbrk.	T	26	79	Nairobi	C	24	75	Tangier	S	27	81
Boulgn.	C	15	59	Invrnss	R	14	57	Naples	S	32	90	Tel Aviv	S	30	86
Bristol	C	16	61	I.o. Man	F	14	57	Nassau		—	—	Tenerife		—	—
Brussels	F	21	70	Istanbul	S	29	84	Nwcstl.	C	16	61	Tokyo	S	32	90
Budpst.	S	31	88	Jersey	C	17	63	N Delhi	C	32	90	T'r'nto†	S	14	57
Cairo	S	33	91	Jo'burg	S	19	66	N York†	S	26	79	Tunis		—	—
Cardiff	C	18	61	L. Plms.	S	28	82	Nice	S	29	84	Valencia	F	29	84
Cape T.	S	30	86	Lisbon	S	24	75	Nicosia	F	30	86	Venice	S	31	88
Chicg.†	F	17	63	Locarno	F	25	77	Oporto	S	21	70	Vienna	S	28	82
Cologne	S	22	72	London	C	16	61	Oslo	F	19	66	Warsaw	S	31	88
Cpnhgn.	F	19	66	L. Ang.†	C	18	64	Paris	F	19	66	Zurich	C	20	68

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.